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1955 ANNUAL REPORT

Governor of Hawaii

*To the Secretary
of the Interior*

FOR THE FISCAL YEAR ENDED JUNE 30

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1955
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Governor of Hawaii

TO THE SECRETARY

OF THE

INTERIOR



FOR THE FISCAL YEAR ENDED JUNE 30

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UNITED STATES
DEPARTMENT OF THE INTERIOR

Douglas McKay, *Secretary*

TERRITORY OF HAWAII

Samuel Wilder King, *Governor*

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, D. C.

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Annual Report of the Governor of Hawaii

Samuel Wilder King, *Governor*



THE EXECUTIVE

THE objectives of this administration were presented in the Governor's address to the 27th Legislature of Hawaii in joint session on March 17, 1953. Definite progress has been made in the accomplishment of these objectives in the past 2 years.

As regards statehood, this administration continues to promote statehood legislation in Congress through the Hawaii Statehood Commission and in supporting the work of Hawaii's Delegate to Congress, the Honorable Elizabeth P. Farrington.

In the remaining five objectives, i. e., (1) develop Hawaii's economy, (2) further the highest economic use of public land, (3) aid in promoting friendly labor relations, (4) promote efficiency in government, and (5) continue aggressive opposition to communism and any other subversive activity within the Territory, we have made very significant progress.

(1) Through the Industrial Research Advisory Council, the Territorial Planning Board, the Hawaii Irrigation Authority and other progressive agencies of the Territory, financial aid, scientific data and research studies have been made available to those interested.

The 28th Legislature adopted several measures that will provide further means of economic assistance in the development of our agricultural resources and in encouraging new industries.

(2) Continued progress has been made in the program of developing one-family type of farming and ranching and the opening up of areas for homesites. The figures covering these areas are contained in the report of the Commissioner of Public Lands. In addition to those actually sold, at the present time additional areas are being laid out and developed for sale in the near future.

(3) The relationship between management and labor during the past year has been satisfactory. The man-days lost, due to labor disputes, was very low compared to previous post-war years.

(4) The Committee on Government Organization submitted its report to the Governor on April 15, 1955. It suggested that the Territory operate through 17 major departments and 4 public corporations. The Committee also placed all boards and commissions under allied departments rather than have them directly accountable to the Governor. It is hoped that legislation to implement the major features of this report will be considered in the next legislature.

Economy measures instigated by this administration have resulted in substantial savings. However, the increases in wages and in the cost of doing business reduced the net saving. The 27th Legislature required a saving of \$3,000,000 be made from the operating budget for 1953-55. This was done.

Studies on tax measures, civil service classification, budget, highway financing, management improvement, workmen's compensation, drought relief, and land use were made during the year.

In December of 1954 a delegation from the Committee on Interior and Insular Affairs, United States House of Representatives, visited Hawaii and held hearings in Honolulu after touring the five major Islands. Subjects covered in the hearings included water problems, use of lands and statehood.

(5) The pending appeal of the seven defendants convicted under the Smith Act for teaching and advocating the overthrow of the United States Government by force and violence has not been heard and these seven persons are still at liberty. One of this group, Jack W. Hall, is the Regional Director of the ILWU, and continues to function as the leader of that union while at liberty on bail.

The 1955 report of the Commission on Subversive Activities consists of 248 mimeographed pages plus additional exhibits and appendices.

There was a definite move made during the 28th session of the legislature to abolish the structure of the present Commission, but this move was defeated, and the administration continues to oppose the activities of the handful of Communists whenever opportunity permits.

THE LEGISLATURE

28th Session

Administration Bills.—The Governor submitted to the 28th Legislature more than 40 legislative proposals, covering a wide range of subjects. They made up the major items on which the Administration requested action by the legislature.

In addition, numerous other bills prepared by individual departments of the Territorial government were presented to the legislature with the Governor's approval. They dealt mostly with administrative matters of a limited scope.

As for the principal Administration measures, the majority leaders of the legislature in most cases drafted bills similar to those prepared by the Administration and gave priority consideration to their own bills. Measures finally adopted, therefore, contained many of the main ideas found in the Administration's recommended measures.

Administration bills in this category included the following:

STATEHOOD:

Renewal of support for enabling act in Congress; state elections contingent upon adoption of enabling act.

LABOR:

Higher minimum wages, increased unemployment and workmen's compensation benefits.

GOVERNMENT EMPLOYEES:

Major changes in the civil service, classification and pay systems; increase in the membership of the civil service commissions from 3 to 5; elimination of a provision for election of an exclusive agent for Government employees.

LAND, AGRICULTURE, PUBLIC WORKS:

More liberal farm loans; creation of an economic planning agency; construction of a community auditorium; construction of a second bore through Kalihi Tunnel.

EDUCATION:

Free kindergartens, free book rentals, put into effect by executive action.

VETERANS:

November 11, Veterans Day, designated as a Territorial holiday.

VOTING:

Absentee balloting by military personnel outside the Territory.

TAXATION:

Exempting from general excise tax, sales of merchandise to military forces; exempting from taxation real property belonging to the United States leased under the Wherry Act.

A number of Administration proposals failed to receive the approval of the legislature, among them being measures for dealing with unemployment relief; an investigation of an inter-island ferry boat service; reapportionment of the legislature; increasing membership of City-County Board of Supervisors from 7 to 10.

Bills Received by the Governor.—The following timetable shows the bills and joint resolutions sent by the legislature to the Governor:

	Number received	Number signed	Number vetoed
Received on or before April 18 (regular veto period)	30	22	¹ 8
Received after April 18 through April 29-----	36	33	3
Received after April 29 (normal adjournment date of 60-day session)-----	338	278	60
Grand total-----	404	² 333	71

¹ One overridden.

² Total number of bills which became law 334 (including the one bill vetoed but overridden).

The tabulation indicates:

1. The bulk of the legislature's work was done during the "overtime" period of the session. More than three-fourths of the bills and joint resolutions approved by the legislature (338 out of 404) were sent to the Governor after April 29, when, by law, the session should have adjourned after 60 working days. Instead, the session lasted for 28 "overtime" days, finally adjourning on May 27.

2. By failing to pass more of its bills earlier—before April 18—the legislature deprived itself of the opportunity to override any vetoes by the Governor. During the period before April 18, the legislature sent only 30 bills to the Governor.

3. Of these 30 bills, the Governor vetoed 8, but in only one case did the legislature muster enough votes to override the veto. This bill concerned the employees of the Council on Veterans Affairs. The Governor was sustained in his vetoes of such bills as those intended to transfer the appointing powers of police and liquor commissioners to the counties, and to grant real property tax exemption to the ILWU Memorial Association and certain other groups.

In at least two instances, the Governor was able to save legislation which, while meritorious, contained objectionable features. By calling the legislature's attention to them, new bills with the necessary changes were passed by the legislature and subsequently signed into law by the Governor.

In these cases, however, the time element was favorable in that the original bills were received by the Governor in sufficient time for the corrected bills to be processed through the Senate and the House of Representatives. One of these concerned the workmen's compensation waiting period, and the other, tax relief for Puna volcano victims.

However, in numerous other instances, when the bills were submitted to the Governor, it was too late to change them. As a result, the Governor was faced with the choice of either signing a defective bill or vetoing a bill which would have had real merit had it not been for the defects.

A number of bills received by the Governor posed serious difficulties. The government employees' salary bill, for instance, contained a faulty title and was said by the Attorney General to be therefore illegal. The Governor signed the bill to enable Government employees to test the legal question in court.

Another bill with a very serious error concerned the bonus to pensioners. Heretofore a general flat bonus of \$25 monthly has been granted all pensioners. An additional \$10 has been granted to those whose total pension, including the \$10, is less than \$100 monthly.

The measure was passed without the limitation of \$10 a month additional so that every pensioner now can claim a minimum of a \$100 pension monthly, even though the amount appropriated by the bill falls short by more than a million dollars.

If the Governor had vetoed the bill because of the error, it would have deprived pensioners of all bonuses. Rather than have this happen, the Governor signed the bill. This was a case of choosing the "lesser of two evils."

Tax bills.—A very difficult problem was presented by the type of tax measures submitted to the Governor for his approval. Although the Governor in advance had cautioned legislative leaders most concerned with the problem that he would not be able to approve their tax proposals, the legislature nevertheless submitted the objectionable measures to him for his signature. As a result, he reluctantly pocket vetoed these measures, although he was in accord with the need for certain changes in the tax laws in order to bring in additional revenues. This applied to both the omnibus tax bill and the real property tax bill.

As a result, the Governor disapproved several appropriation bills, in order to hold the Territory's deficit to a minimum.

These measures, while considered desirable, were not sufficiently urgent to be signed into law, under the fiscal circumstances.

THE JUDICIARY

Fiscal year ended June 30, 1955

	Cases dis- posed of	Cases pending
Supreme Court of the Territory of Hawaii-----	53	52
Circuit Courts:		
First Circuit (seven divisions)-----	5, 728	3, 859
Second Circuit-----	425	353
Third Circuit-----	1, 874	466
Fifth Circuit-----	659	356
District Courts:		
First Circuit (eight districts)-----	118, 979	904
Second Circuit (six districts)-----	3, 726	44
Third Circuit (nine districts)-----	5, 905	85
Fifth Circuit (five districts)-----	872	8

ECONOMY OF HAWAII

From the outset, this administration has been keenly aware of the economic problems confronting the Territory. This knowledge has led us to strive to develop a firmer economic base by assisting new industries and developing our natural resources. Economic studies, analysis, and experiments have been carried on and in some instances capital has been furnished in our quest for new exports.

Business and Economic Facts

Income (from sources outside Territory) :

Exports amounted to (sugar, pineapple, coffee)-----	\$263, 000, 000
Federal Government expenditures (armed forces, grants, tax refunds, etc.)-----	306, 000, 000
Services purchased in Hawaii (tourists, airlines, etc.)-----	80, 000, 000
Dividends, interest, profits-----	24, 000, 000
Remittances-----	10, 000, 000
Total-----	683, 000, 000

Expenditures (to agencies outside Territory) :

Goods bought (food, raw materials, autos, drugs, cigarettes, etc.)-----	370, 000, 000
Payments to Federal Government (taxes, etc.)-----	152, 000, 000
Services (freight, transportation, advertising)-----	85, 000, 000
Interest, dividends-----	24, 000, 000
Remittances-----	5, 000, 000
Total-----	636, 000, 000

Thus we earned from outside sources 47 million more dollars than we spent outside the Territory in 1954. The over-all decline of out-

side dollar income (\$33 million) in 1954 as against 1953 was due largely to the reduction of defense expenditures in the Territory.

At the present time, an income of approximately \$300 million is derived annually from the "internal" economy of the Islands, 15 percent from locally produced commodities for sale in local markets, 7 percent from "value added by manufacturer" and 78 percent in the form of personal services.

Organization of management in Hawaii is as follows:

	Individual proprietor- ships	Partner- ships	Corpora- tions
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Number of businesses.....	62	11	27
Employment of paid workers.....	14	8	78
Value of goods and services.....	12	7	81

The problem continues of: (1) Expanding the economy to meet the demands of an ever increasing labor force; and (2) that of producing more goods for export.

Our normal population increase reached an all time high during 1954 with an excess of 13,291 births over deaths. Increases in the strength of service personnel on the Islands aided materially in strengthening our local economy.

Population of the Islands (excluding members of the Armed Forces) as of January 1, 1955, was 491,756 and the upward trend continued through the first half of 1955.

Hawaii is immediately affected by any change in the national defense program. This fact was brought out in the marked decrease in income, through the decline in defense building programs although actually during the same period the personnel increase was ten-fold.

Public Finances

The administration, after careful study of the Territory's finances, submitted a budget to the 28th Legislature for the 1955-57 biennium with a revenue plan to meet that budget without any increase in the tax burden. It was felt that by holding taxes down at this time the development of new industries would be encouraged. Although the budget called for an increase in expenditures for education, as an example, this increased cost could be made up by strict economy.

The legislature, however, adopted revenue bills that substantially increased taxes, for the operation of both the Territory and the several counties which were considered to be too heavy a burden on the taxpayer and were, therefore, not approved by the Governor.

As a result, the revenues derived under existing tax laws will not meet the authorized appropriations and the Territory will incur a substantial deficit at the end of this biennium.

Bureau of the Budget—Public finances and budgeting.—A summary analysis of the finances of the Territory of Hawaii for the fiscal year ended June 30, 1955, follows:

	General fund	Special funds	Bond fund	Total
Resources:				
Receipts:				
Taxes.....	\$45,742,410	\$8,198,183		\$53,940,593
Nontaxes.....	11,718,400	25,352,815	\$6,500,405	43,571,620
Total receipts.....	57,460,810	33,550,998	6,500,405	97,512,213
Available cash at beginning of year.....	D-2,839,952	26,900,892	697,057	24,757,997
Total resources.....	54,620,858	60,451,890	7,197,462	122,270,210
Payments.....	62,653,789	35,994,440	9,312,796	107,961,025
Available cash at close of year.....	D-8,032,931	24,457,450	D-2,115,334	14,309,185

The cost of operating the territorial government for the fiscal year ended June 30, 1955, is detailed below by major functions and activities:

	General fund	Special funds	Bond fund	Total
Schools.....	\$22,137,673	\$6,037,598	\$1,939,177	\$30,114,448
Highways.....	386,239	8,453,190	628,499	9,467,928
Hospitals.....	7,496,779	877,302	427,487	8,801,568
Public safety.....	3,105,969	4,702,348	228,693	8,037,010
Public welfare.....	7,883,928	86,496		7,970,424
General government.....	5,324,433	189,743	170,100	5,684,276
Utilities or other enterprises.....		3,149,964	1,777,151	4,927,115
Health.....	3,060,709	433,318		3,496,027
Development and conservation of natural resources.....	1,717,562	937,862	220,127	2,875,551
Recreation.....	421,036	112,174	513,395	1,046,605
Libraries.....	636,404	800	87,555	724,759
Miscellaneous.....	6,499,535	2,286,541	843,791	9,629,867
Temporary loans to other funds.....		4,750,000		4,750,000
Unemployment compensation benefit payments.....		3,984,104		3,984,104
Debt service charges.....	3,983,522			3,983,522
Loans to counties from bond fund.....			2,476,821	2,476,821
Total.....	62,653,789	35,994,440	9,312,796	107,961,025

During the last two fiscal years, departments effected the legislative mandate that an estimated \$3,000,000 savings be made by not filling vacant positions without the approval of the Governor. At the end of fiscal year June 30, 1955, there were 449 vacant positions as follows:

	Positions authorized	Filled positions		Vacant at June 30, 1955
		July 1, 1954	June 30, 1955	
General fund.....	5,238.9	4,895.8	4,986.3	252.6
Special fund.....	1,838.5	1,584.0	1,628.1	210.4
Public school teachers.....	4,091.0	3,871.0	4,105.0	-14.0
Total.....	11,168.4	10,350.8	10,719.4	449.0

Insurance management.—The Territory purchased, as a result of the Insurance Management Survey authorized by the legislature in 1951, a Comprehensive Crime Coverage Policy for the period May 1, 1955, to July 1, 1958, which will cover a total of approximately 10,900 territorial officers and employees, and employees of the counties disbursing territorial funds. The policy provides the following coverages:

Public Employees Honesty Blanket Position Bond.....	\$25, 000
Public Employees Honesty Blanket Bond (Excess of \$25,000)	75, 000
Burglary and Robbery:	
Within Premises—Money and Securities.....	50, 000
Within Premises—Securities Only (Excess of \$50,000)	250, 000
Outside Premises—Money and Securities.....	50, 000
Outside Premises—Securities Only (Excess of \$50,000)	250, 000
Depositors Forgery.....	500, 000

Premium for this comprehensive policy is \$25,200 for 3 years, and represents a saving in premium of \$3,600 per year and an expansion in the number of employees covered from about 842 to 10,900, as well as an increase in the amount of coverage from an average bond limit of \$5,000 for certain select employees to a primary amount of \$25,000 on each and every employee. Bonds replaced by this comprehensive crime coverage policy were individual fidelity and faithful performance bonds ranging from \$1,000 to \$100,000.

Federal surplus property.—During the fiscal year, the Federal Surplus Property Program administered by the Bureau of the Budget acquired personal property valued at \$895,004. Personal property valued at \$529,825 and real property valued at \$33,937 were distributed to health and educational institutions at a service and handling cost of \$38,780, or 6.87 percent. Included in the personal property distributed was one Gruman-Goose aircraft valued at \$75,000. Property valued at \$678,351 was lost in November 1954 by the fire which destroyed the warehouse.

Central purchasing.—During the fiscal year ended June 30, 1955, bids awarded under central purchasing totaled \$925,531, covering food, tires and tubes, gasoline and oil, office supplies, standard forms and miscellaneous printing.

Personal income study.—The Bureau of the Budget cooperates with the National Income Division of the U. S. Department of Commerce in estimating the annual personal income of the Territory.

Personal income received by Hawaii's residents in 1953 amounted to \$889 million, 3 percent above the 1952 total of \$864 million. Per capita personal income of \$1,740 in 1953 represented an all-time high and approximated the per capita figure of \$1,792 for the Nation.

Personal income data for 1954 have been compiled and are being processed for publication in the August 1955 issue of the Survey of Current Business.

Report of the Treasurer—Bonded Debt.—The outstanding bonded indebtedness of the Territory as of June 30, 1955 was \$47,875,000, as compared with a gross bonded debt of \$44,352,000 as of June 30, 1954.

During the fiscal year the Territory sold \$6,500,000 in public improvement and general obligation bonds.

The legal debt margin of the Territory as of June 30, 1955, is as follows:

Bonded debt limitation set by act of Congress, \$95,000,000. Outstanding indebtedness of \$47,875,000. Excess of authority to borrow over existing indebtedness, \$47,125,000.

Cash on hand and in banks for all funds amounted to \$30,781,845.57. For security of the funds deposited in banks, there was an excess of \$13,874,845.16 of bonds over deposits.

Corporations.—There were registered with the office of the treasurer for the fiscal year, 1979 domestic joint stock corporations, 296 domestic eleemosynary corporations, 311 joint stock corporations, 33 foreign eleemosynary corporations, 2036 general partnerships, 11 special partnerships and 99 limited partnerships.

Banks.—Five banks, with 46 branches, were in operation in the Territory at the close of the fiscal year. These five, with main offices in Honolulu, were American Security Bank, Bank of Hawaii, Bishop National Bank of Hawaii, Central Pacific Bank, and the Liberty Bank of Honolulu. These banks operate branches on the Islands of Oahu, Maui, Hawaii, Kauai and Lanai. Bank clearances between July 1954 and July 1955 amounted to \$2,716,543,861.18. Total assets of the banks were \$418,498,095.74.

Trust Companies.—Five trust companies were in operation in the Territory at the close of the fiscal year. They were the Bishop Trust Co., Ltd.; Cooke Trust Co., Ltd.; First Trust Co. of Hilo, Ltd.; Hawaiian Trust Co., Ltd.; and the Honolulu Trust Co. Total assets of these trust companies were \$20,592,064.92.

Savings, Building, and Loan Associations.—Nine associations were in operation in the Territory at the close of the fiscal year. These were: Home Building and Loan Association, Ltd.; Honolulu Savings and Loan Co., Ltd.; International Building and Loan Association, Ltd.; American Savings and Loan Association; State Savings and Loan Association; First Federal Savings and Loan Association of Hawaii; and Pioneer Savings and Loan Association. These associations had combined assets of \$99,027,547.83.

Industrial Loan Act.—The combined assets of 51 licensees under the Industrial Loan Act totaled \$46,800,291.38.

Small Loan Act.—Five licensees and two branches were authorized to operate in the Territory under the Small Loan Act at the close of the fiscal year. Combined assets totaled \$190,966.03.

Real Property Assessments.—The gross assessed valuation of real property in the Territory for the fiscal year was \$1,366,084,911. Non-taxable exemptions amounted to \$483,717,829 statutory exemptions \$206,266,713 and valuations on appeal \$1,629,393 leaving a net assessed valuation for taxation amounting to \$674,470,976. The tax rates per \$1,000 in valuation follow :

City and County of Honolulu.....	\$17. 00
County of Maui.....	17. 54
County of Hawaii.....	19. 34
County of Kauai.....	17. 02

Report of the Tax Commissioner.—Aggregate tax collections made by the Department of the Tax Commissioner for the fiscal year ending June 30, 1955 of \$74,354,197 were \$8,356,162 less than the total collections of \$82,710,359 for the fiscal year ending June 30, 1954.

Adjustments necessary to place the two fiscal years on a comparable basis reflects an increase of \$842,118 or 1.08%. Of the \$842,118 the sum of \$557,266 represents an increase in the Territorial General Fund Tax Revenues, the remaining difference being applicable to collections for counties and special funds.

The following four tables are comparative statistical statements which are self-explanatory.

Comparative statement of tax collections for the fiscal years ended June 30, 1954 and 1955

Kind of tax		1953-54	1954-55	Increase or decrease ¹	Percent-ages
Bank excise.....	Current year.....	\$172,068.75	\$175,000.00	\$2,931.25	1.70
Compensation and dividends.....	do.....	11,332,540.68	11,237,002.07	¹ 95,538.61	¹ .84
	Prior years.....	386,751.17	453,086.43	66,335.26	17.15
Fuel.....	Current year.....	8,438,334.88	8,470,017.33	31,682.45	.38
	do.....	31,751,043.17	32,144,919.57	393,876.40	1.24
General excise, consumption and compensating.....	Prior years.....	871,276.83	1,131,298.27	260,021.44	29.84
Inheritance and estate.....	Current year.....	350,447.97	183,025.23	¹ 167,422.74	¹ 47.77
	Prior years.....	25,702.93	22,347.62	¹ 3,355.31	¹ 13.05
Insurance premium.....	Current year.....	1,019,604.80	1,009,668.90	¹ 9,935.90	¹ .97
	Prior years.....	2,596.03	2,596.03		100.00
Liquor.....	Current year.....	1,955,300.88	1,981,425.19	26,124.31	1.34
	Prior years.....	34,218.92	84,189.54	49,970.62	146.03
Net income—Corporation.....	Current year.....	3,039,390.93	3,055,199.73	15,808.80	.52
	Prior years.....	59,492.55	58,176.05	¹ 1,316.50	¹ 2.21
Net income—Individuals.....	Current year.....	1,532,012.64	1,643,207.90	111,195.26	7.26
	Prior years.....	151,301.98	183,588.16	32,286.18	21.34
Personal property ²	do.....	797.14	2,123.95	1,326.81	166.45
Public utility.....	Current year.....	2,355,628.84	2,370,739.94	15,111.10	.64
	Prior years.....	57,279.85	18,213.57	¹ 39,066.28	¹ 68.20
	do.....	977.81	1,171.82	194.01	19.84
Real property.....	Current year.....	10,833,815.60	10,842,741.63	8,926.03	.08
	Prior years.....	265,237.71	280,169.84	14,932.13	5.63
Tobacco.....	Current year.....	1,115,734.93	1,185,594.46	69,859.53	6.26
	Prior years.....	101.15	31,091.66	30,990.51	30,638.17
Unemployment.....	Current year.....	2,219,355.80	2,219,037.15	¹ 318.65	¹ .01
	Prior years.....	19,659.50	44,563.15	24,903.65	126.67
Total.....	Current year.....	76,115,279.87	76,517,579.10	402,299.23	.53
Total.....	Prior years.....	1,872,797.54	2,312,616.09	439,818.55	23.48
Grand total.....		77,988,077.41	78,830,195.19	842,117.78	1.08

¹ Collections are exclusive of collections made by the counties, and other fees or levies administered by other territorial agents.

² Repealed January 1, 1948.

Comparative statement showing allocation of fiscal year tax collections

	Fiscal year 1953-54	Fiscal year 1954-55	Increase or decrease ¹	Percent-age
General fund revenues (territory).....	\$45,179,998	\$45,737,265	\$557,267	1.23
Counties' share.....	25,068,100	² 25,375,115	307,015	1.22
Territorial highway fund.....	4,468,727	4,577,084	108,357	2.42
Territorial airport fund.....	993,906	827,921	¹ 165,985	¹ 16.70
Unemployment trust fund.....	2,239,015	2,263,600	24,585	1.10
Small boat harbor fund.....	38,331	49,210	10,879	28.38
Total.....	\$77,988,077	\$78,830,195	\$842,118	1.08

¹ Collections are exclusive of collections made by the counties, and other fees or levies administered by other territorial agents.

² Includes an estimated \$4,475,998 in real property taxes to be collected in July 1955 due to delay in fixing 1955 tax rates.

Comparative real property tax values and other related data covering the entire Territory

	As of January 1, 1954	Percent to total	As of January 1, 1955	Percent to total
Assessor's gross valuation:				
Land.....	\$696,665,521	52.64	\$713,592,918	52.24
Buildings.....	626,728,634	47.36	652,491,993	47.76
Total.....	1,323,394,155	100.00	1,366,084,911	100.00
Exemptions:				
United States.....	318,042,657	24.03	335,382,908	24.55
Territory of Hawaii.....	104,119,515	7.87	101,697,708	7.45
Counties.....	44,349,240	3.35	46,637,213	3.42
Homes:				
(1954—42,794).....			115,485,782	8.45
(1955—45,492).....	117,740,395	8.90	9,602,108	.70
Public utilities.....	24,421,625	1.85	24,340,949	1.78
All others ¹	55,227,644	4.17	56,837,874	4.16
Total exemptions.....	663,901,076	50.17	689,984,542	50.51
Assessor's net taxable values.....	659,493,079	49.83	676,100,369	49.49
Valuations on appeal.....	2,871,560		3,258,786	
Taxpayer's net valuation.....	656,621,519		672,841,583	
50 percent of valuation on appeal.....	1,435,750		1,629,393	
Net valuation for tax rate purposes.....	658,057,299	49.72	674,470,976	49.37
Amount raised by taxation.....	11,000,000		11,642,964	
Average rate per \$1,000 value.....	16.72		17.26	

¹ Schools, churches, hospitals, etc.

Trend in economic conditions as reflected by business volume, wages, dividends, gasoline consumption, etc., on a comparative basis for the two fiscal years are summarized from information obtained from current year's tax returns

Items	1953-54	1954-55	Increase or decrease	Percentage
Gross business income.....	\$1,439,423,428	\$1,457,043,743	\$17,620,315	1.22
Retail sales.....	531,030,242	541,430,775	10,400,533	1.96
Wholesale sales.....	247,037,872	248,736,464	1,698,592	.69
Sugar sales.....	116,151,555	112,497,922	3,653,633	3.15
Canning (pineapple sales, etc.).....	87,939,599	90,014,414	8,074,815	9.18
Manufacturing.....	95,847,366	96,254,813	407,447	.42
Contracting.....	43,825,913	41,192,367	2,633,546	6.01
New business licenses issued.....	93,272,879	80,915,603	12,359,276	13.25
Licenses cancelled.....	7,613	7,886	273	3.59
Total number of licenses issued.....	6,811	5,612	1,199	17.60
Wholesale value of tobacco sales.....	42,017	43,071	1,054	2.51
Wholesale value of liquor sales.....	7,439,331	7,903,478	464,147	6.24
Salaries and wages.....	16,291,556	16,500,279	208,723	1.28
Dividends.....	533,501,649	530,089,121	3,412,528	1.64
Gasoline consumption—gallons.....	32,952,455	31,469,627	1,482,828	4.50
Diesel oil consumption—gallons.....	104,614,928	107,102,098	2,487,170	2.37
Aviation gasoline consumption—gallons.....	23,469,532	23,460,142	9,390	1.04
	27,976,294	23,654,884	4,321,410	15.45

EDUCATION

Public Instruction

The enrollment in the public schools of Hawaii continued to increase during the past year in close conformity with estimates that had previously been made. The total enrollment from kindergarten through the 12th grade of the senior high school, inclusive, was 113,544 as of December 1954. In December 1953, the comparable figure was 106,464 and in December 1952, it was 101,321. This increasing trend will continue for some time into the future.

The construction of new school units that has taken place during the past year, and that is still going on, has enabled the department to meet the situation in a satisfactory manner. Federal funds for the construction of school buildings received during the past year amounted to \$1,387,624. Without this Federal aid, the public schools would have been seriously handicapped in carrying on an educational program for the youth of the Territory.

For the fiscal year ending June 30, 1955, the operating expenditure (excluding capital outlay) for the public school department, including kindergarten through the 12th grade in the senior high school, amounted to \$25,070,972. The yearly pupil per capita cost based on average daily attendance was \$234.39.

A teacher exchange program whereby public school teachers from Hawaii exchange positions for a year with city systems in the various States has been operating successfully for a number of years. During the past 10 years, under this program, teachers from Hawaii have gone to almost every State in the Union. For the coming school year, 1955-56, 44 exchanges have been arranged, which is the largest number since the program was started. This exchange program is part of the Department of Public Instruction's policy to continuously work for the improvement of the quality of teaching done in the public schools. It is felt that a year in another school system is as valuable to the teacher as a year of study.

A great deal of time and effort was spent during the year in planning for the Governor's Conference on Education which was the territorial meeting preliminary to the White House Conference on Education. Lay response and participation was excellent and all islands were represented.

University of Hawaii

The University of Hawaii registration for the academic year was 6,342, including the Honolulu campus, the Hilo branch, and the extension division centers.

The new university aquarium building was completed, the heat-power laboratory formally opened, and the new quarters for the library advanced to a point where availability for the second semester of 1955-56 is assured.

During the summer of 1954 the university sponsored an Advanced Management Program in cooperation with the Harvard Graduate School of Business Administration, and an Orientation Center for Asian Students in cooperation with the State Department and the International Institute of Education. Plans have been perfected for a repetition of these programs next summer. The university sponsored a Conference in Race Relations in World Perspective in cooperation with the University of California and the University of Chicago. The University Press is preparing for publication two books resulting from the conference, as well as *Hawaii's People* by Andrew W. Lind.

More than 100 members of the faculty were engaged in nonagricultural research. Over \$200,000 was given the university for 25 research projects in 9 nonagricultural fields, principally in marine biology, Pacific Island area studies, and geophysics. The Board of Regents authorized a Geophysics Committee to coordinate work in this field. Support was given by the Governor and the 1955 legislature of an expanded program in teacher training, nursing, and civil engineering.

The Agricultural Experiment Station reported that coffee yields have increased due to new pruning methods, that dehydrated koa haole compares favorably with alfalfa, that synthetic growth regulators can control premature drop in macadamia nuts, that the addition of fresh beef tallow to dairy rations increased milk production, and that chicken rations composed of more than 25 percent Hawaiian cane molasses are practical and would save the industry \$810,000 when substituted for imported cereal grains. Food processing work centered on deep-frozen passion juice, an increasingly popular product.

The Agricultural Extension Service assisted in carrying out the Governor's policy of making more land available to small farmers, in the promotion of new crops, including guava, passion fruit, coffee, and pasture legumes and grasses, and in improved packaging, grading, shipping, marketing, and crop and market reporting. Assistance was given to 5,879 farm families, 13,074 rural nonfarm families, and

45,088 urban families in county agent, home demonstration, and 4-H programs.

The greatest problem of the University—as in the case of universities throughout the country—is to prepare for the influx of “war babies” who will start matriculating in 1957 and will increase the enrollment by more than 50 percent 10 years hence. In terms of physical plant the university is inadequately housed. The campus is still crowded with the temporary barracks-type buildings which were imported to handle the postwar doubling of enrollment.

Fortunately, the 1955 legislature made provisions for conversion of the old library and for construction of an agricultural, a physical education, a university high school and a men’s residence building, and the Governor’s allocation committee has given high priorities to these projects.

The university’s budget totaled \$4,642,735. The sources of these funds were Federal, \$424,594; Territorial, \$2,786,707; University income from student fees and sale of services, \$1,431,434. At the end of the period, faculty members numbered 504; civil service, 360.

Libraries of Hawaii

Library of Hawaii.—During the past year the library of Hawaii circulated a total of 1,325,257 books, magazines and pamphlets. In addition, 13,895 recordings and 5,566 films were borrowed by library patrons. This makes a grand total of 1,344,718 individual loans for the year. Most of the increase was in the branch libraries where we had a gain of 75,807 over 1953–54.

We registered a total of 32,101 borrowers and the number of persons now holding library cards is 87,684. In addition, we estimate some 4,000 children borrow from the bookmobile without library cards and possibly 250 adults use our deposit collections in the same manner, making a total of 91,934 persons who regularly borrow material from us.

In addition to the main building, 7 branch libraries, 20 small deposit stations and 5 summer loans extended our service to various communities and institutions throughout the island. A bookmobile visited 25 rural schools on a 3-week basis throughout the school year and loaned a total of 101,962 books.

A total of 75,774 reference questions were answered—inquiries that came by mail, over the telephone or from persons who came in to our special departments and on subjects which varied from a recipe for guava jelly to how to handle anhydrous ammonia.

The Hawaii and Pacific section was a mecca for students and writers as well as sightseers and requests for information from it came from as far away as Warsaw, Poland and Saudi Arabia. The recently inaugurated courses in restaurant and hotel management caused added interest in Hawaiian history since part of the student's training was to prepare them to answer questions asked by tourist guests.

Emphasis in our art and music section is now centered on our library of recordings. Begun 14 years ago and built up on a rental basis it now consists of 1,269 long-playing and 5,598 regular records.

The Library for the Blind showed a slow but steady gain in its circulation of Braille books, totaling 481 for the year. Most of these were borrowed by students at the Diamond Head School. We had a gain of 697 in our circulation of talking books—a total of 3,874 loaned for the year. These recorded books are supplied to us free of charge by the Library of Congress. This year for the first time children's books are being recorded and included in our collection, which now numbers 44,176 records.

Kauai Public Library Association, Ltd.—The libraries of Kauai report a total of 238,800 books borrowed. This is an increase of 38,084 over last year and was spread throughout the system.

The children's department, including bookmobile service, is responsible for about 73 percent of the circulation growth, with an increase of 28,245 over last year. Here is an eloquent response to the stepped up purchase of children's books through a larger proportion of the book allotment. This is the first year we have been able to put children's books in the deposit stations, where the demand for them has increased the circulation by 6,908.

Maui County Free Library.—Maui County residents borrowed an average of 6.14 books apiece from the Maui County Free Library last year—for a grand total of 286,149. That is an increase of 13,178 over the previous year.

They also used the library's record players, borrowed 3,357 phonograph records, asked to have 5,810 books reserved, and had 9,932 individual reference questions answered by the library staff.

The Children's Department is credited with 71 percent of the circulation. A total of 204,226 books, magazines and pamphlets were distributed to the younger set through the main library, its branches and stations, collections in outlying schools and the bookmobiles on Maui and Molokai. 22,458 youngsters visited the libraries in small groups; many attended the weekly summer reading hours and the special story hours during the school year. Special exhibits, arranged by several school groups, proved popular with adults and children alike.

Hawaii County Library.—The Hawaii County Library circulated 428,247 books, periodicals and other materials to the residents of Hawaii County during the year of July 1, 1954 to June 30, 1955. There was a general increase of circulation throughout the system, amounting to 44,693. This increase is very slightly less than three times that of the previous year.

The Children's Department has been able to increase the number of story hours held in the Library and the number of classes visited in schools, especially those in sections of the County other than Hilo. Increasing numbers of classes in neighboring schools have scheduled regular visits to the children's room. A definite reflection of these activities is seen in the increase in juvenile circulation, 34,355 above that of last year, 18,014 of this increase being in the children's room of the main library.

Archives

This year marks the fiftieth anniversary of the Public Archives of Hawaii, created on April 3, 1905. The year has been marked by several important events. The resignation followed almost immediately by the death of Maude Jones, archivist since 1931, ending 24 years of devoted service to the Archives. Her extensive personal knowledge of Hawaiian history, available at all times to aid researchers, will be missed by all students of Hawaiiiana. Her career was fittingly climaxed by the completion of the new Archives Building, and the transfer of all records to it. It will serve as a monument to her outstanding career.

The meeting of the legislature resulted in numerous requests for information. It also resulted in the presence of the Bureau of the Budget and the Legislative Reference Bureau in the Archives Building.

Throughout the Nation, the stress of archival work is shifting from the historical record to the current record.

During the past year, the Archives served 2,872 patrons. Certificates of arrival were issued to 106 applicants. 10,729 cards were typed for the index file. An average of 1,250 visitors a month were shown Iolani Palace by the guide.

Bureau of Sight Conservation

The work of the Bureau of Sight Conservation and Work with the Blind during the fiscal year ending June 30, 1955 was a year of progress.

As specified by law, the Bureau continues to maintain a register of all blind persons in the Territory. There were 711 blind persons in the Territory, registered as of June 30, 1955 (Hawaii 89, Kauai 78, Maui 94, Oahu 450), as compared to 704 in 1954.

Although there is an increase in registered blind persons, it is not to be interpreted as an increase in the incidence of blindness in the Territory. It is the result of the diligent efforts of the bureau staff, physicians, parents, families, individuals and groups in referring blind persons known to them.

The bureau has continued its program which includes the conservation of sight, the prevention of blindness and offers services to the visually handicapped, in medical, social, educational, vocational adjustments and administers workshops and business enterprises for the visually handicapped.

	Hawaii	Kauai	Maui	Oahu	V. R.	Total
Services rendered:						
1. Individual case services.....	205	278	213	966	108	1,770
2. Home and collateral visits.....	1,546	1,508	1,434	7,202	1,294	12,984

Arrangements for eye examinations and optical appliances were provided to 858 individuals, including children and adults. In addition, 60 persons had eye surgeries completed.

A home teaching service, which was added to the bureau's activities in October 1953, was continued throughout this fiscal year.

A kiln used to bake ceramics was donated by the Soroptimist Club. Instructions in ceramics will be added to the craft class in October of this year.

Early detection of visual defects and adequate eye medical care is the basis of all sight conservation and prevention of blindness activities. The annual vision testing program covers over 20 percent of the total civilian population or over 95 percent of the school population in the Territory of Hawaii.

	Hawaii	Kauai	Maui	Oahu	Total
Enrollment.....	18,410	8,138	13,633	90,817	130,998
Number vision tested.....	18,410	8,145	13,597	89,867	130,019
Number visual defects.....	2,066	1,064	1,588	10,537	15,255
Percent visual defects.....	11.22	13.07	11.65	11.60	11.65
Number followup complete.....	1,997	829	1,455	7,945	12,226
Percent followup complete.....	96.66	77.91	91.62	75.40	80.14
Conferences with individuals.....	3,189	3,087	3,246	16,510	26,032

Various Lions Clubs in the Territory have continued to sponsor a total of seven annual rural eye clinics. These clinics provided 516 persons residing in rural areas the best possible eye medical care.

In addition, there were monthly E. E. N. T. clinics held in Hawaii county with an attendance of 490 persons; and two weekly out-patient clinics held on Oahu.

The followup on doctors' recommendations for a child to be placed in a Sight Saving Class is a continued one. These classes which are established in public schools, under the Department of Public Instruction have enrolled 40 visually handicapped students.

Another example of the type of persons to whom services are given is the large group of preschool blind children found in the community in these several years. Not only the worker's energies and skills are needed in planning for the blind babies, but with their families who are usually in the young adult group.

Individual services were offered to 32 preschool blind children, of which eleven were enrolled in regular public kindergarten and 6 were enrolled at Diamond Head Preschool.

On June 20, an 8-weeks summer program for 36 preschool blind children was held at Central Union Preschool. This activity was made possible by the contributions of private sources, Delta Gamma Alumnae and some Lions Clubs on Oahu.

Although a certain degree of adjustment may be achieved within the home, this is usually not sufficient to enable a blind individual to make the most of his abilities. Therefore, the Bureau continued its fifth training center for adults who are visually handicapped on June 23, for 8 weeks. Twenty-three attended, where they were able to learn those skills which will help them to meet the demands of daily living. They also learned how to travel independently without the assistance of a sighted guide, how to cook, how to sew, wash and iron their clothes. In addition the training center provided an opportunity to evaluate the skills and interests of blind individuals through activities such as typing, business machines, wood work and crafts.

For the first time, the fifth training center funds were obtained through general appropriation rather than from legislation or the Lions Clubs.

During the fiscal year, the Vocational Rehabilitation of the Visually Handicapped program served 138 individuals. These individuals were provided counseling and guidance—44, examinations—54, surgery and medical treatment—17, training and training supplies—45, maintenance and transportation—53, occupational tools—1. Of the 138 individuals served, 24 persons were gainfully employed.

To sponsor public awareness on the importance of good eye habits, each year, the Governor of Hawaii proclaims Sight Conservation Week. Sight Conservation Week, November 1 to 7, has annually been sponsored jointly by the Bureau and the District 50, Lions Interna-

Operating report, territorial shop for the adult blind

	Man hours	Production	Per man hour
Number blind employed.....	23		
Time equivalent.....	19.8		
Brooms.....	19,966	58,279	2.92
Mops.....	2,310	15,888	6.87
Coconut buttons.....	6,587	357,933	54.34
Chair caning.....	1,351	118	.0873

Statement of receipts and expenditures

Balance at July 1, 1954.....		\$8,870.33
Gross receipts July 1, 1954-June 30, 1955.....		78,868.43
Total available resources.....		87,738.76
Disbursements:		
Wages to blind men.....	\$29,615.28	
Raw materials.....	49,212.01	
Current expenses.....	2,462.51	
Equipment.....	64.69	81,354.49
Balance at June 30, 1955.....		6,384.27

Operating report of vending stands

Number stands in operation.....	22
Number blind employed.....	27
Number stands reporting.....	22
Gross sales.....	\$250,088
Purchases.....	\$195,827
Gross profits.....	\$54,261
Ratio of gross profit of sales.....	Percent 21.71
Net earnings.....	\$40,303

tional. The observance of this special week emphasizes to the public the importance of having good vision and the necessity of preventing needless blindness.

During the fiscal year, Bureau staff members gave 252 demonstrations to school faculties; six exhibits were set up at the 49th State Fair and other county and community fairs; 10 radio programs; 16 speeches; 6 films were shown; 13 demonstrations to community groups; and 3 television programs. In addition there were 39 newspaper releases.

Various individuals and groups in the Territory have contributed to the successful programs of the Bureau of Sight Conservation and Work with the Blind.

The 39 Lions Clubs of District 50, Lions International, have provided many gifts to meet the needs of individual blind persons; for the annual Christmas parties and picnics; and for their interest in raising funds in improving the territorial shop for the adult blind.

Delta Gamma Sorority has continued its support in contributing to work with preschool blind children.

The Soroptimist Club sponsored a bazaar to raise funds to purchase a kiln for use by blind individuals.

Persons in the community have contributed to the programs by serving on the General Advisory and Preschool Advisory Committees.

Individual volunteers, most of them who were referred by the Volunteer Placement Bureau, have also willingly offered numerous hours of service for transportation for the blind, reading, typing and other clerical work.

The 1955 legislature enacted a great benefit to the people who are blind by passing two bills as follows:

Act 92—"Prohibiting the use of exposed white canes unless wholly or partially blind and requiring precautions by drivers against accidents or injuries to such persons"

Act 273—Included "\$150,000 for a Rehabilitation Center for Blind and Physically Handicapped Persons (to be supplemented by contributions from clubs and individuals)"

At the Bureau's request, in January 1955 the American Foundation for the Blind in New York sent three of their representatives to the Territory to make a survey of the Bureau's programs. Members of the survey team were M. Robert Barnett, executive director; Kathern F. Gruber, assistant director of professional services; and C. C. Kleber, general manager of the National Industries for the Blind.

Their survey included a review of the vocational rehabilitation's program in training, placement and employment of the visually handicapped; medical, social and educational services; review of the business enterprises programs; the Territorial Shop for the Adult Blind's policies and procedures; industrial home workers; home teaching; and discussion was held on legislation for the blind.

In March 1955, the director's position was vacated by Mrs. Grace C. Hamman, who has served the blind and visually handicapped persons in the Territory since its inception—and in recognition of which she was awarded the Migel Award in October 1954.

Commission on Children and Youth

The Commission completed the studies which had been undertaken for the biennium. The following reports were published during this year:

(a) *Proposals to Improve Vocational Training in Hawaii—January 1955.*—The report, which was widely circulated, pointed out the need for directing youth into employment opportunities in areas where our economy can be expanded and providing them with facilities and equipment so that they can qualify for these positions. It called for

community support and planning for employment of youth in our changing economy. It also suggested that the schools, both public and private, which shoulder the largest responsibility for preparing our young people for employment, review and evaluate their curricula in view of the changing needs.

As a followup on this report, the Commission was active in supporting legislation for the expansion of vocational education facilities and appeared in hearings before legislative committees on this behalf.

(b) *Improved Approaches to the Problem of Mentally Retarded Children in Hawaii—February 1955.*—The Commission sponsored this study in response to the concern expressed by parents, health, welfare, educational and juvenile workers for more adequate services to mentally retarded children. The impact of this study has been far-reaching. It brought to the parents, hope and opportunities for actively working toward tangible plans for their children. The various government and private agencies interested in services to this group of handicapped children were able to participate in a joint planning program. This truly demonstrated the fulfillment of a function this Commission was set up to do.

Serving in an advisory and consultative role, the Commission was repeatedly called upon by the 28th Legislature in planning for the enactment of this program under public auspices. As a result, \$100,000 was appropriated to the Department of Public Instruction for the coming biennium to strengthen, expand, and initiate various educational programs for these retarded children.

(c) *Children Born Out of Wedlock in Hawaii—February 1955.*—Health Department statistics show that infant and maternal deaths of children born illegitimately far exceed that of those born of legitimate unions. For numerous reasons—financial, legal, and social—unwed mothers and their children do not get the medical care they need. Socially these children are discriminated against in such basic protection as inheritance and the right of support by their parents. Financial support for them were threatened by the existing laws involving establishment of paternity in criminal rather than civil proceedings. The committee also studied means by which fathers of illegitimate children can be helped to financially sustain them more adequately rather than having these children entirely dependent on welfare assistance. Recommendations by this committee in the area of amended legislation for better protection was adopted by the past legislature.

Socially and educationally, there still remains much to be done in this field. The commission intends to do further study in this area in the near future.

(d) *Detention Facilities in the Territory—April 1955.*—Specific recommendations to the various counties to improve their existing policies and practices involving juveniles who need to be placed in detention facilities are contained in this report. Of particular concern to the commission is the use of jail facilities to maintain juveniles who do need this protection for themselves or on behalf of the community. The need for adequate supervision and handling of youngsters who run afoul of the law is essential as a definite part in the program of delinquency control and prevention.

HEALTH AND WELFARE

Health

During the fiscal year the Territorial Department of Health carried on the following programs:

Mental health.—The Board of Health, at its meeting in February, 1955, created on a provisional basis of one year, a Division of Mental Health as a result of the growing recognition of the problem of mental health, and to give leadership and expanded services to the community. The Division is composed of two bureaus: Bureau of Mental Hygiene (clinical services) and Bureau of Community Services.

The Division of Mental Health began formulating plans for the integration of the staff of the Psychological and Psychopathic Clinic of the University of Hawaii to be transferred to the Department of Health on July 1.

Studies were also begun in preparation for the establishment of an alcoholism clinic in the City and County of Honolulu. Five percent of the fees from local liquor licenses received by the Liquor Commission of the City and County of Honolulu will be used for this purpose.

Polio vaccine.—The Department of Health was assigned the responsibility of administering the polio vaccine program for Hawaii. A committee, composed of representatives from various groups in the community, was organized to plan the vaccination program for all first and second graders whose parents requested it. This was the age group selected for the national program by the National Foundation for Infantile Paralysis which furnished the vaccine. One thousand dollars from the Children's Bureau of the Department of Health, Education, and Welfare and three thousand from the Honolulu Chamber of Commerce have been received to purchase supplies such as needles and syringes.

The first batch of the vaccine arrived on Friday, April 15, and the vaccination program was started on April 21. On April 27 word was

received that the Cutter vaccine, which we were using, was under suspicion of either causing or provoking paralytic poliomyelitis. The program was ordered stopped immediately by the United States Public Health Service and all unused Cutter vaccine returned to the factory.

A total of 5,486 children had already been vaccinated. Only one of those who were vaccinated developed paralytic polio, and unfortunately the child died.

An advisory group, composed of representatives of the Board of Health, the Hawaii Pharmaceutical Society, and the Hawaii Medical Association are cooperating with the Department of Health, Education, and Welfare in carrying out the voluntary program for the equitable distribution and use of the polio vaccine for the public.

The 14th Naval District will give to the Department of Health \$18,000 worth of polio vaccine for the immunization of needy preschool children.

Epidemics.—Measles was the only communicable disease which reached epidemic proportions during the fiscal year. It was declared epidemic in March, 1955.

Venereal disease.—The venereal disease rate for the Territory has been low for many years. There have been no new cases of early syphilis reported within the past 3 years, and the gonorrhea rate is one of the lowest for any port city in the United States.

Housing course.—Ross Buck and Donald Keagy of the United States Public Health Service gave a 5-week course in housing appraisal techniques. Personnel from this Department, the Hawaii Housing Authority, the Honolulu Redevelopment Agency, and the City Planning Commission attended the course. Funds for the course came from the Hawaii Housing Authority, the Public Health Committee of the Honolulu Chamber of Commerce, and the United States Public Health Service.

Sanitation education.—A significant step was taken in the sanitation-education program when this service was extended to many school children who assist in the preparation and the serving of food in the school cafeteria.

Civil defense.—A tetanus immunization campaign was sponsored by the Territorial Civil Defense Agency (TCDA), Health and Medical Section, in cooperation with the Department of Health and the Hawaii Medical Association, from September 15 to November 15, 1954. The physicians were furnished tetanus toxoid without charge by the TCDA. Immunization of infants and children is almost 100 percent complete through services from their private physicians. For this reason, adult immunization was emphasized. Approximately

50,000 people in the territory were immunized against tetanus during the 2-month campaign.

Civil defense, Health and Medical Services, continued its stockpiling of essential emergency supplies and equipment.

Hospitals and medical care.—The new surgical wing at Queen's Hospital was completed and the final payment of Federal hospital construction funds was made in June. Total Federal participation in the project amounted to \$546,939.58. Kauai Veterans Memorial Hospital was allotted \$227,229.45 in Federal funds for fiscal year 1955, making a total of \$264,250 for the project.

Hansen's disease.—The fiscal year 1954-55 began with a total of 464 and ended with 462 Hansen's disease patients residing in the Territory. Twenty new cases were certified as Hansen's disease patients of whom 10 were granted immediate release and treated on out-patient basis at clinics. There were 12 deaths among patients during the year, and seven patients were granted final discharge. Four patients left the Territory and one patient returned to the Territory. At the end of the fiscal year, the 462 patients were domiciled as follows:

Hale Mohalu:

92 active patients.

8 inactive or temporary release patients temporarily receiving hospital care.

Kalaupapa Settlement:

143 active patients.

82 inactive patients.

Living at home: 137 inactive patients.

Vocational training was instituted at Kalaupapa to supplement the vocational rehabilitation program at Hale Mohalu.

Crippled children.—Interest in help the mentally retarded child has greatly increased in the past year. Clinics for diagnosis and recommendations for care were held on all islands. The clinic evaluation team consists of a pediatrician, psychologist, social worker and public health nurses.

The University of Hawaii conducted a 6-week course on mental retardation for 92 nurses, social workers and parents. The Bureau of Crippled Children participated by bringing one of the specialists on this subject to the Territory. He also met with professional groups on all islands.

In June the Bureau held its first epilepsy clinic and monthly clinics will be continued during the next fiscal year.

Research.—The pregnancy study on the Island of Kauai is continuing. The study is being made to collect data on reasons for fetal loss, and the reasons for the birth of abnormal infants. The study is

being made possible through a special grant from the United States Children's Bureau, Department of Health, Education, and Welfare.

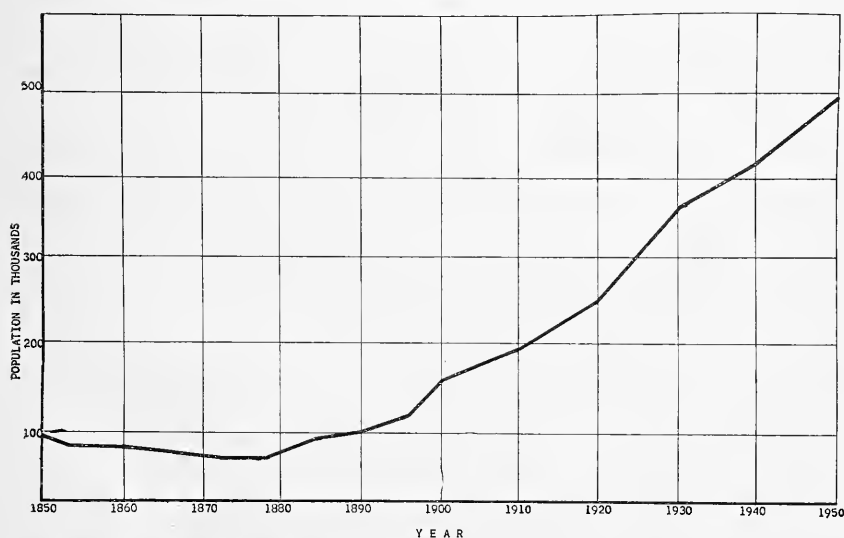
Management improvement.—Fifty-eight staff members of the Department of Health completed a 24-hour course in work simplification. Each staff member who attended volunteered to take the 24-hour course which was held on six Saturday mornings. A concentrated course was also given to staff members from the counties.

Foreign training.—The number of health workers from foreign countries, who have come for observation or training with the department, had increased tremendously during the past year.

Health legislation.—Certain favorable health legislation was achieved during the legislative session this year. Appropriations were made for certain necessary capital improvements. The Territory assumed financing of some positions formerly paid from Federal funds. Professional standards will be strengthened through the provisions to register sanitarians.

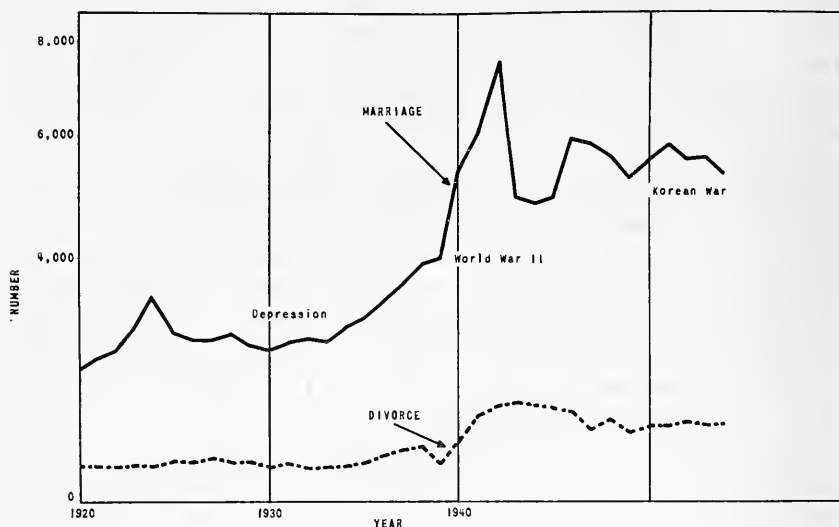
The general health status of the Territory continues to be good. Good health is essential to maintain the economy of the islands, and a healthy environment continues to be one of Hawaii's assets as a tourist attraction.

TOTAL POPULATION, TERRITORY OF HAWAII, 1850-1950

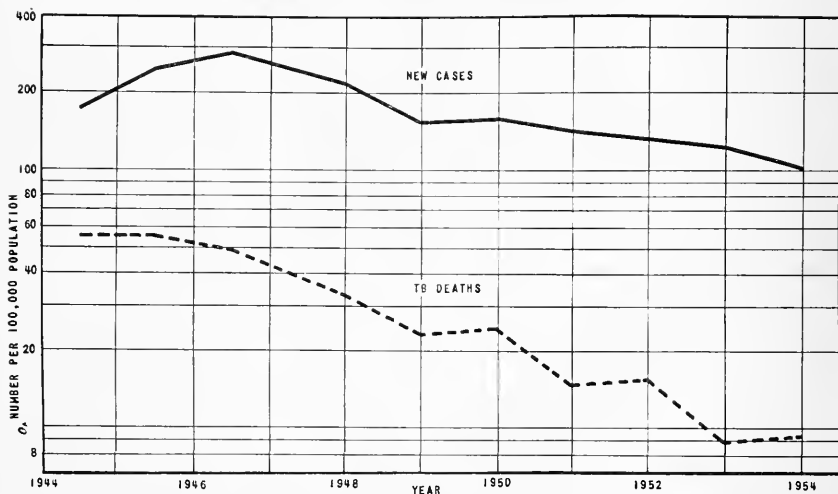


Source: Bureau of the Census Reports for 1950.

MARRIAGES AND DIVORCES, TERRITORY OF HAWAII, 1920-54

Bureau of Health Statistics

CASE RATES (NEW CASES ONLY) AND DEATH RATES FOR TUBERCULOSIS

Department of Health Annual Report

DEPARTMENT OF HEALTH ANNUAL REPORT

Early case findings, new drugs, improved treatment, and better patient care have resulted in a striking decrease in tuberculosis case and death rates. An upswing of case rates in 1946 and 1947 was due to the beginning of mass case finding in the Territory by X-ray. The tuberculosis death rate was declined more rapidly than the case rate. In the last 10 years, the death rate decreased 83 percent.

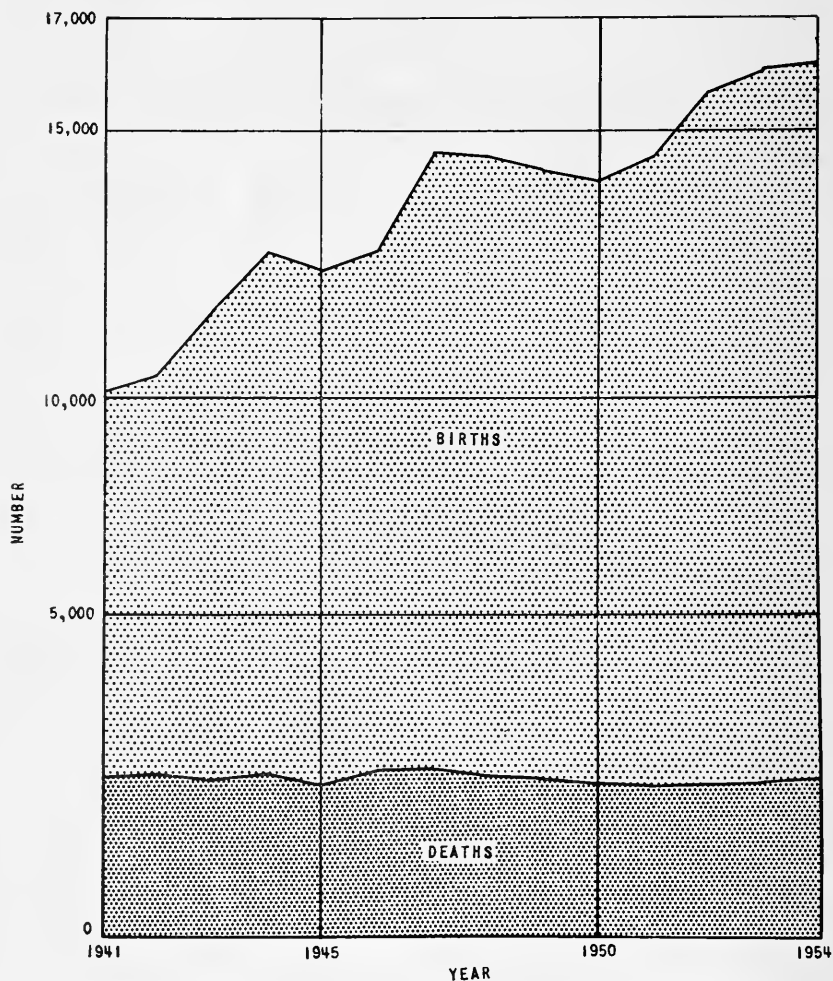
Department of Health Annual Report—Deaths from communicable diseases for selected years, Territory of Hawaii, 1934, 1944, 1954

Disease	1934 ¹	1944 ¹	1954
Total.....	1, 065	587	154
Chickenpox.....	1	—	—
Dengue.....	—	3	—
Diphtheria.....	5	—	—
Dysentery, amoebic.....	2	1	2
Dysentery, bacillary.....	2	2	—
Encephalitis.....	—	2	1
Erysipelas.....	9	—	—
Gonorrhea.....	—	2	—
Hansen's disease.....	62	36	3
Hepatitis, infectious.....	—	—	2
Influenza.....	52	12	2
Measles.....	2	—	—
Meningitis, meningococcic.....	4	5	—
Plague.....	—	7	—
Pneumonia, infectious.....	516	157	83
Poliomyelitis, paralytic.....	1	—	1
Rheumatic fever.....	—	—	3
Salmonella, other.....	2	—	1
Streptococcic sore throat.....	—	1	—
Syphilis.....	—	62	11
Tetanus.....	11	6	—
Tuberculosis, all forms.....	338	282	45
Typhoid fever.....	10	1	—
Typhus fever.....	—	2	—
Weil's disease.....	—	1	—
Whooping cough.....	48	5	—

¹ Fiscal year.

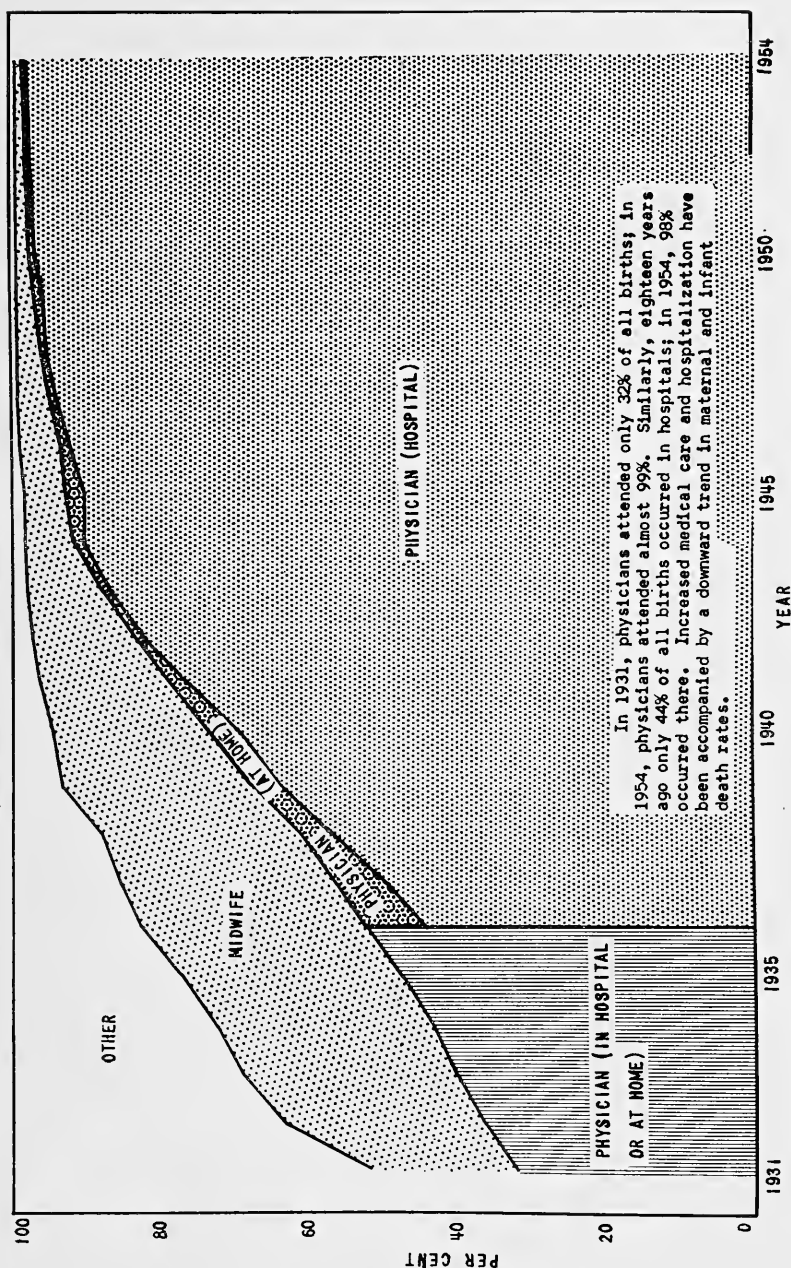
NATURAL INCREASE IN POPULATION, TERRITORY OF HAWAII, 1941-54

Bureau of Health Statistics



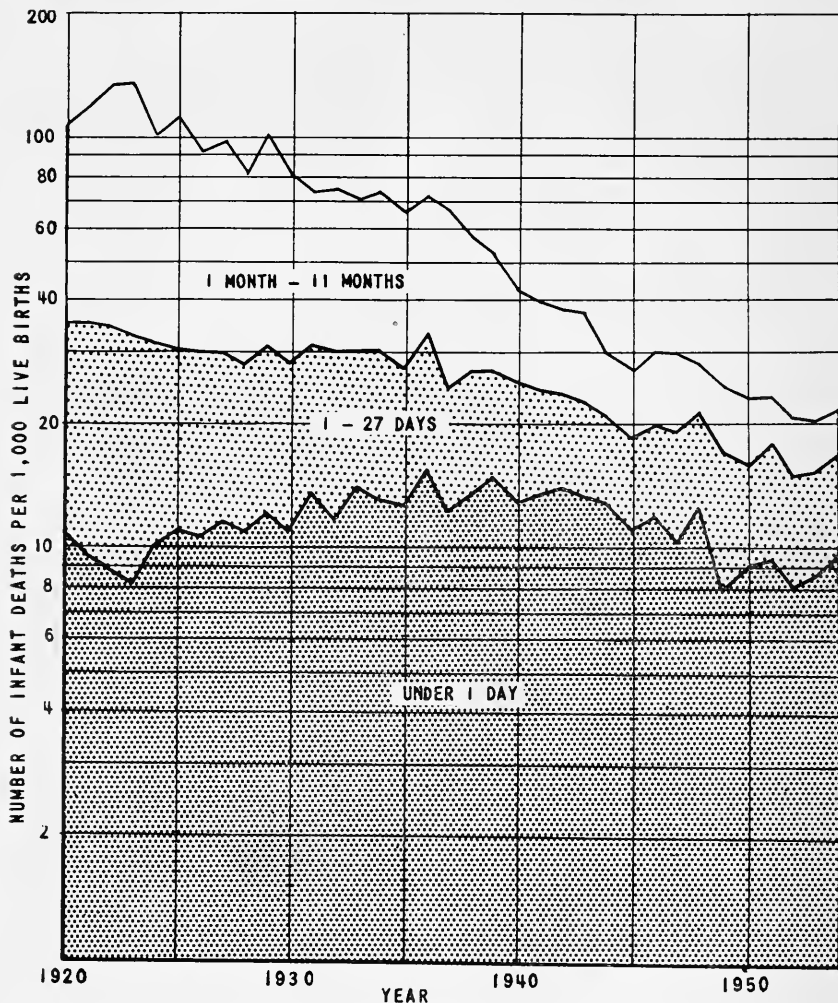
With a relatively high birth rate and a low death rate, the population of the Territory is growing by natural increase. In the last 10 years the excess of births over deaths amounted to 111,000. However, during that period, gains from natural increases were reduced through movements of population out of the Territory.

PERCENTAGE OF DISTRIBUTION OF LIVE BIRTHS BY ATTENDANT, TERRITORY OF HAWAII, 1931-54
Department of Health Annual Report



INFANT DEATH RATE, TERRITORY OF HAWAII, 1920-54

Department of Health Annual Report



An infant death rate of 108.8 per 1,000 live births in 1920 decreased almost five times to only 22.4 in 1954. This reduction was greatest for infants over 27 days of age. The death rate for infants under one day of age has not changed much for many years.

Public Welfare

The year was marked by five changes in the Directorship of this Department.

- (1) Neal S. Blaisdell—resigned August 21, 1954
- (2) Morris G. Fox—Acting director from August 21 to November 15, 1954
- (3) George H. McLane—November 16, 1954 to April 1, 1955
- (4) Margaret D. Ward—Acting director from April 2 to May 8, 1955
- (5) Mary L. Noonan—appointed director on May 9, 1955

A new organizational plan was put into effect in August 1954.

An administrative survey of the department was conducted and recommendations contained in the report were adopted effective July 1 and will be put into effect in the new fiscal year to further strengthen the administration and to bring about the best possible service to the people in the Territory at the lowest cost.

Rules and regulations governing the licensing of foster boarding homes for children were published as Public Welfare Regulation No. 2 in August 1954. The licensing of foster boarding homes used by social agencies placing children and by parents independently of child-placing agencies has proceeded during the year.

A community committee was organized by the department to assist in reviewing and revising the standards for child-caring institutions last revised in 1949. The committee is made up of representatives from agencies involved in caring for children in institutions.

The 1955 legislature gave the department authority to license day-care operators and to set standards governing the issuance of licenses. Soon after the passage of the bill, the department appointed a community committee to help in developing these rules which are expected to be completed within the next 6 months.

The department has cooperated actively with officials of the Civil Defense Agency since July 1955 and is drafting a plan for emergency welfare services under civil defense. Stimulation to this project has come through the establishment of a Civil Defense Bureau in the United States Department of Health, Education, and Welfare through which the department hopes to receive Federal funds for emergency welfare services.

A series of open houses were held on all islands to acquaint the public with the programs, management, and finances of the department.

The number of persons receiving financial help from the department averaged 19,526 persons monthly, compared to a monthly average of 16,479 persons in 1954. This increase was due to the fact that able-bodied persons and their families, who were disqualified for 8 months in 1954 because of lack of finances, were reinstated to the welfare rolls,

Of the average 9,084 cases assisted monthly :

1,843 were needy old people

111 were needy blind

3,195 were families with needy dependent children

1,276 were needy disabled persons

824 were children under foster care in foster family homes or institutions

1,835 were other needy adults including able-bodied and partially handicapped persons receiving general assistance

In addition, 199 persons monthly received social welfare services only; and a monthly average of 787 children received child welfare services. The department used an average of 516 foster boarding homes during the year.

The following table shows public welfare expenditures for 1954 and 1955 :

	Fiscal year 1954	Fiscal year 1955
Assistance payments	\$5, 425, 610. 59	\$6, 664, 341. 66
General assistance	513, 823. 18	1, 260, 133. 30
Aid to the disabled	655, 536. 05	735, 149. 63
Old age assistance	811, 582. 63	799, 198. 30
Aid to dependent children	2, 971, 798. 95	3, 420, 113. 93
Aid to the blind	56, 317. 95	61, 644. 81
Child welfare services	416, 551. 83	388, 101. 69
Administration	952, 890. 87	918, 783. 04
Grand total	6, 378, 501. 46	7, 583, 124. 70
Federal share	¹ 3, 153, 902. 09	² 3, 446, 316. 99
Territorial (net)	3, 224, 599. 37	4, 136, 807. 71

¹ 49.4 percent.

² 45.4 percent.

	Number directly benefited	Distribution of Federal funds
<i>Public Health (Territorial Department of Health):</i>		
Federal funds for general and mental health activities, Hansen's disease, control of tuberculosis, heart disease, cancer, hospital construction, and medical facilities survey and plan	(¹)	\$1, 337, 268
<i>Educational Programs (Territorial Department of Public Instruction):</i>		
Federal grant for vocational education	(¹)	165, 000
Federal assistance to schools in federally affected areas:		
Public Law 815 (construction)	(¹)	1, 387, 624
Public Law 874 (operation and maintenance)	(¹)	1, 341, 433
American Printing House for the Blind	15	396
<i>Office of Education (University of Hawaii):</i>		
Colleges of Agriculture and the Mechanic Arts	(¹)	74, 985
<i>Vocational Rehabilitation:</i>		
(Territorial Office of Vocational Rehabilitation; Bureau of Sight Conservation and Work with the Blind)	677	159, 087
<i>Surplus Property (Bureau of the Budget):</i>		
Acquisition value of Federal surplus transferred to Hawaii for health and education purposes.		
Personal property received (materials and equipment)	(¹)	895, 004
Real property (land and buildings)	(¹)	86, 237
<i>Other DHEW funds spent in Hawaii:</i>		
For DHEW salaries and for local purchases of goods and services (est.)	(¹)	300, 000
Grand Total	31, 701	20, 310, 846

¹ Not available.

These funds and surplus property reaching Hawaii through the Department of Health, Education, and Welfare contribute substantially to the stabilization of Island economy. More than \$13,900,000, identified with Social Security programs alone, helped to cushion the disastrous effects that lack of income usually has on older people, children, and young families.

Department of Health, Education, and Welfare

Over 20 million dollars of Federal funds and property directly benefiting more than 31 thousand islanders were spent or made available in Hawaii under programs of the Department of Health, Education, and Welfare during the fiscal year ending June 30, 1955. Other thousands benefited substantially, though indirectly. The sum was distributed approximately as shown below:

	Number directly benefited	Distribu- tion of Federal funds
<i>Old-Age and Survivors Insurance</i> (administered by Federal Government only):		
Insurance payments.....	18, 130	\$10, 668, 797
Estimated number "policy (Social Security card) holders".....	350, 000	
<i>Public Health Service</i> (administered by Federal Government only):		
Outpatient and dental clinics, protection against quarantinable disease from foreign sources, examination of Federal employees.....	(1)	(2)
<i>Public Health Service—Research, National Institutes of Health (University of Hawaii):</i>		
Psychiatric social work.....		3, 200
<i>Federal Credit Unions</i> (private groups):		
Assets.....	\$38, 500, 000	(3) (3)
Members.....	75, 000	
Number of credit unions.....	140	
<i>Public Assistance (Territorial Department of Public Welfare):</i>		
Federal grants for assistance to needy aged, blind, children, and disabled.....	12, 879	3, 258, 614
<i>Child Health and Welfare Services (Territorial Department of Health; Territorial Department of Welfare):</i>		
Federal grants for services for maternal and child health, crippled children; and child welfare.....	(1)	633, 201

¹ Not available.

² No direct distribution of Federal funds.

³ This is a federally sponsored and inspected thrift organization which finances itself.

Department of Institutions

Major emphasis was placed on implementing recommendations contained in the report of the management consultant mentioned in the report for the fiscal year ended June 30, 1954. A complete reorganization of the department was undertaken and as fiscal 1955 ended much of the reorganization was an accomplished fact.

Territorial Hospital.—Our report for fiscal 1954 predicted a slow but steady increase in population. This has materialized in fiscal 1955 as evidenced by the following statistics:

	1954	1955
Resident population beginning fiscal year.....	1, 186	1, 180
Resident population end fiscal year.....	1, 180	1, 219
Daily average.....	1, 171	1, 190

Total expenditures and per capita were slightly under the preceding year as shown by the following statistical data :

	1954	1955
Total expenditures-----	1,702,711	1,698,387
Per capita per diem-----	3.98	3.91

Division of Training Schools.—In line with the general reorganization of the department, this division has reassigned duties to positions and jiggled staff to fit new duty assignments. Major emphasis has been placed on better in-service training to improve the quality of staff service to the wards. At the same time a decreasing population has enabled a cut back of staff which further necessitated improvement of the staff to maintain a higher degree of service.

The experimental co-educational school program has succeeded far beyond expectations and is now accepted and heartily supported by many who were most skeptical a year ago. Great credit for its success is due to all staff members participating, to the Department of Public Instruction for their sympathetic understanding and support, and to the wards themselves, who, with very few exceptions, have realized and appreciated the potential value of such a system and have worked hard to make it succeed.

The division operated on a slightly reduced but a slightly higher per capita, due entirely to the reduced population.

	1954	1955
Population at beginning of fiscal year-----	164	163
Population at end of fiscal year-----	163	156
Daily average-----	162	151
Total expenditures-----	\$439,943	\$418,258
Per capital per diem-----	7.43	7.60

Hawaii Prison System.—The downward trend in population which began to manifest itself in fiscal 1954 continued in this reporting year as the following comparative statistics show :

	1954	1955
Population at beginning of fiscal year-----	618	602
Population at end of fiscal year-----	602	590

Community understanding and support of an enlightened prison program has been most gratifying. Many educational programs have been made possible by generous volunteer service.

The disastrous eruption of Kilauea volcano on the Island of Hawaii took its toll from our Kulani Camp. Although many miles from the scene of the eruption, sulphur laden clouds deposited dilute sulphuric acid on Kulani and totally destroyed a bumper plum crop, denuded many trees and killed most of the vegetables on the farm. Deprived of this source of food and cash revenue it is expected our per capita costs will rise slightly this year.

Reconstruction of Kulani is progressing very satisfactorily and it is hoped a start will be made on the construction of Olinda in fiscal 1956. At the end of fiscal 1955 dormitories at Kulani have been completed for 40 men with an additional 40 soon to be completed. The Prison System points with great pride to these new permanent fire-proof buildings, built entirely by prison labor and largely of native materials, at a per capita cost of something less than \$800.

Total expenditures for the Prison System (Oahu Prison, Kulani project and Olinda project) were \$911,670 for a per capita per diem of 4.18. This compares with \$898,144 and 3.98 for the previous fiscal year.

Waimano Home.—Due largely to an awakened public consciousness of the problem of retarded persons, the past two biennial legislative sessions have seen greater strides in recognition of these problems than at any previous period in our history. The new dormitories and related facilities authorized by the 1953 legislature are nearing completion and the 1955 legislature authorized a third story on the hospital as well as 38 new positions to staff the new buildings under construction and to be built this year. Unfortunately, lack of revenues may force the postponement if not the actual cancellation of this long needed expansion.

The farm at Waimano continues to provide training for a large number of the patients at the same time providing over half of the food consumed. Farm production reached an all-time high in fiscal 1955.

The resident patient population at the end of the fiscal year was 719 for an average daily population of 718 as compared to 708 and 705 for fiscal 1954. Total general fund expenditures were \$857,499 with a per capita per diem of \$3.27 compared with \$803,818 and \$3.28 for fiscal 1954.

Division of Parole and Homeplacement.—The staff did an excellent job and showed great progress in working out closer coordination of activities with the Division of Training Schools and Waimano Home, whose wards and patients are supervised by Parole and Homeplacement when not resident at the institutions.

The division operated for fiscal 1955 on \$62,734, approximately 8 percent less than for fiscal 1954. Per diem cost of ward supervision dropped from 80 cents to 73 cents, very convincing evidence of increased efficiency with a reduced staff of parole officers.

Hawaiian Homes Commission

During the fiscal year, the Commission approved loans totalling \$191,561 which amount was distributed throughout the several projects as follows:

Molokai:

New construction-----	\$47, 800
Repairs -----	9, 250
Total-----	\$57, 050

Hawaii:

New construction-----	42, 000
Repairs -----	2, 000
Total-----	44, 000

Oahu:

New construction-----	64, 850
Repairs -----	25, 661
Total-----	90, 511

Grand Total-----	191, 561
------------------	----------

The above represents the construction of a total of 26 new homes and repairs to 24 old homes which were badly in need of repairs. It is pointed out here that most houses on Hawaiian homes lands are more than 30 years old, and in many cases were torn down as being unfit for human habitation and new homes built. There are still a lot more needing emergency repairs, but this work is being handicapped because of the lack of funds. The Commission allots necessary funds for this purpose when it is shown that the case is an emergency one. It is the policy of this commission to build homes and place Hawaiians on the land so that the program of repairs must wait.

The members of the House Committee on Interior and Insular Affairs visited the Hawaiian Homes Commission farm lands in Waimea, Hawaii last November, and were quite impressed with the work of the Hawaiian farmer. The project there has been proved to be a success, and the products are being marketed through a cooperative organized by these farmers.

The Panaewa Forest farm lots on Hawaii were opened up about a year ago, and lots ranging from 3 to 10 acres were issued to Hawaiian homesteaders who were willing to go into this thick jungle and through their own resources and efforts, clear up the land and plant it.

Much has been said of the work that has been done in this area since that time. Roads had to be constructed so that the survey crew could go in and lay out the lots. The Governor, realizing the bright

future of this project, set aside \$1,000 to pay for the road construction. The work was done by these homesteaders, the money being used to pay for the hire of heavy equipment needed. In short order, lots were cleared and planting began, so that today, this area represents the largest passion fruit area in the Territory. Besides passion fruit, coffee, macadamia nuts, taro, papaya, watermelon and other fruits are being raised. A substantial income has already been realized from the sale of passion fruit. This is the pride of the Hawaiian Homes Commission. These Hawaiians have shown what can be done if given the opportunity.

Because of the falling off of the pineapple industry in Hawaii, the farmers on Molokai are looking to other projects. Through the aid of the University of Hawaii Extension Service, the homesteaders are going into the planting of feed crops for cattle and the planting of papaya for commercial purpose.

The first Hawaiian Homes Commission project on the Island of Kauai was established in Kekaha when the Commission selected five Hawaiian farmers who were willing to take over an area of 500 acres and on their own see what could be done. At latest reports, a large portion of this area is being planted to passion fruit. Because of the lack of proper irrigation, they are not able to raise other crops. This area was set aside by the Commission and issued to these farmers only on an experimental basis to see what use it could be put to. We hope to get reports from these farmers shortly.

The Commission has been holding meetings on each of the several islands, bringing to the homesteaders what it is doing and what it hopes to do in the future, and at the same time giving them an opportunity to be heard on matters of importance to them.

Hawaiian Housing Authority

The housing situation on Oahu which has been critical since the start of World War II had somewhat improved at the beginning of the fiscal year. However, a reversal of this trend began with the arrival of the Army's 25th Infantry Division during the latter part of the 1954 calendar year.

With the completion of the 82 units now under construction at Palolo—an administration building is also included in the contract—306 new units in buildings of permanent concrete construction will have replaced 376 of the temporary emergency units at Palolo constructed during the war. 186 of the emergency units at Palolo remain in operation.

Comparative figures on applications on Oahu for the 1954 and 1955 fiscal years are shown in the following table:

Applications	July 1, 1953 to June 30, 1954	July 1, 1954 to June 30, 1955
Active—carried forward from previous year.....	1, 708	994
Received during year.....	4, 733	3, 589
Total processed during year.....	6, 441	4, 583
Active June 30.....	994	976

There were some 1,150 less applications received during the year than during fiscal 1954. When drawing inferences from the above figures, it should be remembered that the greater number of applications received during the previous year resulted largely from the publicity given to the completion in that year of two new low-rent projects, Kalihi Valley Homes and Kuhio Homes, together comprising 534 units. Placements during the previous year were 1,996; this year the number was 1,315.

Indicative of the reversal of the improvement trend is the increase in the percentage of restrictions on units offered for rent. A study of one day's listing in a Honolulu paper for June 30, 1954 disclosed that only 7 percent of the dwellings were restricted to race and number of children; a similar review of one day's listing in the same newspaper for April 2, 1955 disclosed that there were restrictions on 35 percent of the units advertised. The situation remains most critical for families requiring units of three bedrooms or more.

During the year contracts for maintenance work totaling \$51,262 were awarded. Other contracts awarded were as follows:

Description	Project	Amount	Contractor
Drainage and site improvement.	Kalihi Valley	\$49, 440. 00	Associated Masons Ltd.
Demolition of laundry buildings.	Halawa veterans homes	900. 00	Frank F. Fasi Supply Co.
Drainage improvement.....	Palolo homes section I.....	32, 950. 00	Associated Masons Ltd.
Purchase of 140 electric meters.	Kalakaua homes.....	1, 908. 20	American Factors Ltd.
Demolition and clearance of 36 buildings.	Palolo emergency homes.....	4, 200. 00	A. L. Kilgo Company.

The contract for the construction of the 82 units and administration building at Palolo was awarded to Pacific Construction Company, Limited, whose low bid was \$623,900. Contracts for the purchase of household equipment for the Palolo units in the amounts of \$8,969.54, \$11,861.36 and \$3,374.80 were awarded to The Cody Company, Hawaiian Electric Company, Limited, and Von Hamm-Young Company, respectively.

Payments in lieu of taxes were made by the Authority to the City and County of Honolulu in the amount of \$87,393.58 and to the County of Hawaii in the amount of \$5,947.26 for the calendar year ending December 31, 1954. The Authority, in accordance with Section 20 of Joint Resolution 4, Session Laws of Hawaii, 1947, transferred \$306,294.67 to the Territorial Treasurer. The amount transferred represented the net income from the operations of 1,376 temporary dwelling units leased from the Navy, a permanent Palolo Valley Territorial project of 82 units known as Palolo Homes I, NASKA Emergency Homes at Kahului, Maui, and the proceeds from the prorated rental of Central Maintenance Shop and Storeroom facilities, all developed or converted with financial advances appropriated by Joint Resolution 4, SLH 1947.

Veterans Affairs

The Territorial Council on Veterans Affairs advises and assists the veteran in obtaining as quickly as possible any benefits or aids to which he or she is rightfully entitled as differentiated from the Veterans Administration which is charged by law with administering the laws applicable to that agency, that is, such benefits as home loans, education, pensions and medical treatment.

The Territorial Council counsels the veteran as to the proper agency which should be contacted to handle his particular problem and in most cases makes direct contact with the agency for the veteran. It also provides secretarial, notarial and Japanese interpretation services to any veteran in the Territory who applies for assistance.

The Council has worked with the United Veterans Legislative Committee (composed of members from various veterans groups in the Territory) to the extent of having prepared legislation and furnishing stenographic and clerical help, and keeping files.

The Council handled 20,780 callers during the past fiscal year covering a variety of subjects.

PUBLIC SAFETY

Civil Defense

Five exercises were held during the year in conjunction with the armed forces and the Federal Civil Defense Administration. These exercises proved valuable in helping the agency to perfect its plans, and considerable improvement was evident with each successive exercise.

Radio communications on and between islands has been improved. Volunteer HAM radio operators have cooperated splendidly and are carrying out monthly drills in this phase of operations. Arrangements were firmed for the assignment of mobile radio units to Red Cross, Police and Fire field control centers and other key control points. The Territorial Communications Plan (RACES) whereby all HAM and mobile radio units may be integrated into the Civil Defense communications system in a war emergency has been approved by the FCC.

The Warning Disaster Siren System for the island is in its final stages of being perfected and monthly tests are being made to disclose and correct any technical defects or insufficient area coverage.

A training program in wardens and first aid was conducted for employees of the territorial government. A total of 324 employees were trained in warden and/or first aid.

This agency is now an integral part of FCDA Region 7, composed of the western states, Hawaii, Alaska and Guam. Regional headquarters is in Santa Rosa, California and all business with FCDA is transacted through them.

A volcanic eruption in the Puna area on the island of Hawaii occurred on February 28, 1955 and continued for several months destroying homes and farmland. A major disaster area was declared by the Governor which was approved by the President on April 1, 1955. The Territorial Legislature appropriated \$50,000 to the County of Hawaii to assist them in disaster relief. Federal aid in the amount of \$100,000 was also granted upon declaration of a disaster area by the President. Members of the various services involved did an excellent job and valuable experience was gained by all concerned. The co-operation and assistance given by the National Guard during this prolonged emergency were outstanding.

Most satisfactory progress was made by this agency during the year. The Territorial Civil Defense Plan, as well as Standard Operation Procedures for the various services, especially the Health and Medical and Logistics and Supply Services were improved and firmed to meet changing conditions. A Civil Defense Manual for Schools for the Territory was also published and widely circulated.

Hawaiian National Guard

On 30 June 1955 there were 5,692 officers and men in the Hawaii National Guard, a decrease of 228 men during the year. The loss in strength was confined to the army units, totaling 272, while the air units gained 44 men. The loss in strength was attributed to two

factors: (1) A greatly increased enlistment of men into the regular services; and (2) an increasing number of men who enlisted in 1948 and 1949 in a deferred Selective Service status reached the age where they were no longer liable for induction, and consequently did not reenlist in the National Guard as their enlistments expired. Of 1,550 separations during the year, 727 were for entry into active service, and 245 were on expiration of enlistment.

The training of the army and air units was conducted along essentially the same lines as in past years, and consisted of regularly scheduled armory drill periods of 2 hours duration, weekend outdoor assemblies of 8 hours duration, and 15 days of field training. In October 1954 the army units adopted the new Army Training Programs promulgated by the Department of the Army to replace the old National Guard Training Programs. Field Training was held during the month of June, and attendance totaled 5,639, 4,743 in army units and 896 in air units. For the army units that figure represented 99.3 percent of enrolled strength and for air units 97.3 percent.

Other training included individual study of extension courses, and attendance of Army and Air Force service schools. Four hundred and forty officers and enlisted men attended such schools, 130 army, and 307 air.

During the months of March and April both army and air units supported the Hawaii County Civil Defense agency in relief and control activities during the volcanic eruption emergency in the Puna district of that island. No units, as such, were mobilized, but individual members thereof were ordered to active duty for short periods of time.

The armory construction program, supported by 75 percent Federal funds matched by 25 percent Territorial funds, progressed well with the completion of four projects during the year. Two of these were on Hawaii, being a five unit armory at Keaukaha National Guard Reservation in Hilo, and a one unit armory at Laupahoehoe. The other two projects were on Kauai, consisting of a rehabilitation of the one unit armory at Hanapepe, and provision of a new one unit armory at Kekaha. The 1955 Territorial Legislature provided, in the general bond issue legislation, funds for an additional four armory projects. Federal funds are already available for these armories, which will include a three unit armory at Wahiawa, Oahu, and one unit armories at Olaa, Hawaii; Kahului, Maui; and Kapaa, Kauai.

A number of important nonarmory projects, supported 100 percent by Federal funds, were either completed or initiated during the year. These included an aviation shop and hangar in Hilo; a training facil-

ity for the aircraft control and warning squadron at Sand Island, Honolulu; an automotive paint shop at Fort Ruger, Honolulu; two vehicular concentration site warehouses, one in Hilo and one on Maui; and an extension to a rifle range on Kauai. The cost of these projects totaled \$191,924.00.

A total of \$5,038,346 were spent in support of the Hawaii National Guard during the year. Of that sum, \$4,494,290 were in Federal funds (\$3,410,018 army units and \$1,084,272 air units), and \$544,056 in Territorial funds. These figures represented an increase of \$365,134 Federal and \$18,173 Territorial over the amounts expended in fiscal year 1954. The ratio of Federal to Territorial support was \$8.26 Federal to each Territorial dollar, an increase from the \$7.85 to \$1 ratio last year.

AGRICULTURE AND NATURAL RESOURCES

Land Utilization

	Acres	Percent
Total area	4, 117, 120	100
Under intensive cultivation	341, 060	8
Grazing	1, 510, 000	37
Forest reserve	1, 200, 130	29
Balance—Cities, towns, waste, military installations.....	1, 065, 930	26

Department of Agriculture and Forestry

Agriculture.—There was a slight decrease in the land area in Hawaii under cultivation, chiefly because of a 1,400 acre decrease in sugar cane plantings.

The production of sugar, the most important agricultural crop decreased 21,960 tons from the all time high of 1953, and amounted to 1,077,347 tons of 96° sugar. The value of the crop, which was grown on 220,138 acres, decreased about \$8,880,000 to \$141,000,000.

Acreage in pineapple production remained at 73,000 acres and the value of the crop at \$108,000,000, both the same as in 1953. The total pack of pineapple and pineapple products decreased by 65,000 cases to 29,411,000 cases for the crop year ending May 31, 1955.

There was an increase in the production of livestock and livestock products in every category except swine as well as in the dollar value of livestock products, but the dollar value of \$24,763,000 was about \$350,000 below the dollar value in 1952. There are approximately

1,500,000 acres used for grazing, which comprises approximately 37 percent of the total land area.

Acreage in coffee increased 13 percent to 4,320 acres, and although production increased only $\frac{1}{10}$ of 1 percent to 8,264,000 pounds, because of the higher price of coffee, income from this source was \$5,537,000. This represents an increase of 26 percent over 1953 and more than five times as much as during the years 1941-43 when production averaged 7,503,000 pounds per year.

A new diversified agricultural industry, passion fruit industry, has been created as a result of a territorial research program. The demand for passion fruit juice nationally far exceeds the present supply. The 1955 production on about 322 acres is estimated at 2,000 tons valued at \$2,000,000.

The acreage in fruits and vegetables continued to decrease. The 64,045,000 pounds produced was about 1 percent below 1953 production. Export shipments of papayas amounted to 1,853,000 pounds and was more than double that of 1953. Export shipments of fresh pineapple were 7,038,000 pounds, 45 percent more than in 1953. In addition 258,000 pounds of ginger root and 167,000 pounds of lotus root were exported.

Export of floral material to the continental United States amounted to 517,000 packages. This was only 2,000 packages more than in 1953.

Milk production of 40,705,000 quarts was very slightly greater than in 1953. The production of poultry meat increased 13 percent to 924,000 birds and production of eggs increased 12 percent to 194,600,000 cases.

Honey production doubled but is still far below production of previous years.

Pest Control (Biological).—Hawaii has been singularly successful in the control of plant and insect pests of agriculture by studying the ecology of the pests in their native habitats and importing those natural enemies determined to be specific to the pests under consideration. During the year more than 300,000 insects were reared under laboratory conditions for release in the field as a pest control.

Some of the major projects undertaken include the exploration, receiving, rearing and releasing of insects which attack noxious plants such as *Lantana camara*, Christmas berry, Firebush, Pluchea, Pama-kani and Gorse.

A colony of carnivorous snails was recovered and shipped from an uninhabited island in the Mariana Group to Hawaii by the Department's explorer. The species was released to feed on the Giant African Snail which has been a pest in Hawaii for many years. These

carnivorous snails are considered established in two African snail infested areas on Oahu and one area on Maui.

Plant Quarantine.—A staff of inspectors is maintained at all ports of entry to enforce Federal regulations and Territorial laws governing the importation of horticultural materials, animals, etc., into Hawaii and the certification of plant materials for export or inter-island movement.

Forest Reserve Areas.—As of this date the acreage of public and private lands set aside as classified forest reserves is as follows:

	<i>Acres</i>
Territory owned.....	820, 831. 62
Hawaiian Homes Commission.....	17, 162. 63
Various counties and city and county.....	2, 889. 26
Federal Government.....	10, 688. 06
Private lands.....	348, 558. 29
Total.....	1, 200, 129. 86

Tax Exempt Private Lands in Forest Reserves.—The total approved tax-exempt private lands in forest reserves made in 1955 amounted to 173,669.880 acres out of a total of 187,497.560 acres applied for tax exemption. The remaining 13,827.680 acres were denied exemption because of noncompliance with the law.

Forest Expansion and Other Developments.—The continued aid furnished by the Department of Institutions in tree planting work in the Molokai Forest Reserve has added considerable value toward the protection of the denuded and eroded areas of Molokai. During the year under review 49,511 trees were planted on 150.39 acres of land.

On the island of Maui a cooperative project with the Department of Institutions, Board of Agriculture and Forestry and the Commissioner of Public Lands has been instituted toward the restoration of better forest conditions in the Kahakuloa Addition to the West Maui Forest Reserve.

The withdrawal of 403.761 acres of land in the Panaewa Forest Reserve on Hawaii and returned to the Commissioner of Public Lands for farm lots is aimed toward the improvement of the economy of the Territory by putting the land to its best use under present day conditions.

To ease off unemployment and improve the financial picture of the Territory, the Hawaii employment program was established giving work to 591 previously unemployed, expending 25,922 man-days on 53 projects from July 20, 1954, to February 1955, inclusive, throughout the Territory. An amount of \$339,971.50 was expended from the Governor's contingent fund. The various projects accomplished or nearly all, were triggered toward the betterment of the forests and our parks system.

Forest Fire Prevention and Suppression.—This phase of forestry is fast becoming a very important single activity of the division involving the protection of some 1,200,529.10 acres of private and public lands. For the fiscal year 1954-55, \$4,500.00 was made available from all sources for protection and suppression. Four forest fires were reported during the year burning 3,980 acres of land.

Protection of Forest Reserve Areas.—Approximately 259,358 feet of maintenance was performed by the division during the period under review, while the constant patrol of forest rangers is maintained in the usual routine manner.

Destructive wild animals eliminated from reserve lands amounted to 2,361 pigs, 1,410 goats, 400 sheep and 2 cattle for a grand total of 4,173 animals.

Nursery Management and Reforestation.—The policy of production and sale of nursery stock to private land owners for forestry and other uses is still vigorously followed. Total nursery production of timber trees from all Territorial nurseries amounted to 20,224. The total nursery production of ornamentals from all Territorial nurseries amounted to 51,071. While the total amount of 85,165 fruit trees produced and distributed fell far below expectations, it is contemplated to increase the output during 1955-56.

Division of Parks.—The total number of Territorial Parks now established or nearly completed on Hawaii, Kauai, Oahu, Molokai and Maui amounts to 15, consisting of 5,785.30 acres of land. These parks accommodated over 1,389 paid users of cabins and barracks and 664 people were served with guide service while 297 people took advantage of transportation facilities of the division.

Animal Health.—There were no heavy or unusual livestock or poultry losses from disease reported during the year. No epizootics occurred. Anaplasmosis in carrier animals constituted a major threat to the cattle industry throughout the fiscal period.

Following diagnosis of anaplasmosis in the Pearl City, Oahu, area during the latter part of the preceding year, concerted efforts to eradicate this disease were undertaken. Cooperating closely with the Governor's Advisory Committee on Anaplasmosis, and utilizing the blood serum testing service offered by the United States Agricultural Research Service, a method of test and slaughter of reactors was instituted. This campaign was successfully concluded during the year with the elimination of the disease in the quarantined area.

The Division of Animal Industry laboratory was equipped and staffed to perform the anaplasmosis test and took over routine testing from the Federal laboratory in March. Blood samples were collected at slaughter and drawn from local and imported cattle. Altogether

28,786 samples were tested with 331 of these found as positive reactors.

A tentative agreement was reached with the Agricultural Research Service of the United States Department of Agriculture to conduct a cooperative anaplasmosis eradication program. The 28th Legislature passed, and the Governor approved, an appropriation measure in the amount of \$90,000 for an anaplasmosis program for the 1955-57 biennium. Proposed regulations to implement this program were under consideration as the year ended.

Meat Inspection.—The Meat Inspection Service of the Division of Animal Industry was extended to the counties of Maui and Kauai on a voluntary basis as of January 1, 1955. Under this arrangement, only those slaughterhouses which could comply with the construction and sanitary requirements of the Meat Inspection Regulations received inspection service. The others are being permitted to slaughter and sell meat without inspection until December 31, 1955.

Wildlife Management and Research.—Good hunting has been the highlight of the year in the field of game management. Upland game hunters enjoyed the best hunting since 1951 on public hunting areas. Approximately 5,500 birds were taken during the season with an average of well over a bird per man.

Big game hunters enjoyed some of the best hunting in years. On the Lanai Public Shooting Ground, 164 hunters bagged 187 goats (Billys) during an eight-day season. The goat population on Lanai has responded very favorably to management and there is a good possibility of having two seasons a year on Lanai in the future.

On Mauna Kea, island of Hawaii, sheep hunting was the best since 1949 when the season was closed. A total of 428 sheep were taken during 7 months of hunting this past year. The sheep population has responded to management to such an extent that hunting will probably be allowed continuously on 2 months open 1 month closed basis.

Fishery Management and Research.—The total fish landings in the Territory for the year 1954 totaled 20,523,375 pounds valued at \$3,653,359.23 to the fishermen. This was an increase of 9.2 percent in weight above that of the previous year. This increase is largely due to the especially large skip jack tuna catch by boats operating from the islands of Hawaii and Maui. There was, however, a slight decrease in value of 2.8 percent below that of the previous year. This decrease is largely due to the price of skip jack tuna which sold for an average of 12.6 cents a pound in 1954 as compared to 13.2 cents a pound in 1953.

In the long line fisheries, landings of large tuna, sword fish and other pelagic fishes such as wahoo and mahimahi or dolphin totaled 4,647,295 pounds valued at \$1,082,643.44. This represents a decrease of 1 percent

in weight and 12.1 percent in value below that of the previous year. This disproportionate decrease in value is largely due to the lowering in the prices of large tunas.

The highlight in recreational fresh water fishing is the excellent results obtained in the trout fishing program. Eyed rainbow trout eggs were introduced from the mainland, hatched in standard hatchery troughs and released in selected streams on Kauai in 1953. Within a year after release these fish grew to an average size of over 9 inches and some of them grew to almost 15 inches. This phenomenal growth rate may be attributed to stocking in virgin waters and also the low stocking rate. Fishing was very successful and resulted in many satisfied trout fishermen. This whole program was conducted under Dingell-Johnson Federal Aid Program under the auspices of the Fish and Wildlife Service, Department of the Interior.

Law Enforcement.—There were 218 arrests made by the fish and game wardens on all islands during the fiscal year.

Public Lands

The Commissioner of Public Lands is following out the policy of the Governor in making available land for small landowners and encouraging homesteading on the various Islands.

During the past fiscal year the Department of Public Lands has sold 119 houselots involving a total area of 1,785,381 square feet for \$1,232,500.74; 43 homestead lots involving an area of 934.857 acres for \$298,238.00; three industrial lots involving an area of 60,018 square feet for \$111,418.00; one church and school lot involving an area of 34,412 square feet for \$1,720.00; and easements for \$518.33. It leased 26 pieces of property totaling 4,886.595 acres at an annual rental of \$23,805.33. These leases involve land for agriculture, business, pasture and other purposes.

In the realm of homestead lots, studies have been made for Kauai of 355 acres, at Kapahi into 17 lots. On Oahu at Waimanalo under the Bankhead-Jones Farm Tenant Act, 355 acres into 42 lots have been subdivided of which 17 patents have been issued for 158.457 acres from which the Territory realized \$202,197.00. The ultimate area at Waimanalo to be subdivided for farm lots is anticipated to be 1,121 acres. At Waiahole a subdivision of 113 acres is being planned for houselots of 1 acre more or less. On Hawaii at Panaewa outside of Hilo, studies are being made for nine 20-acre lots and sixty 3-acre lots, in a 400-acre area. Roads are being constructed and water lines are being installed.

Plans for houselots are as follows:

On Oahu, at Pupukea-Waimea, 9 houselots involving an area of 2.76 acres; at Hauula, 10 houselots involving an area of 1.42 acres; at Schofield-Wahiawa, 25 lots involving an area of 5.118 acres; also other small subdivisions of remnants.

On Maui, at Napili, 13 lots involving 8 acres; at Wakiu, Hana approximately 86 houselots of 1 acre; at Paukukalo, Wailuku, 4 houselots involving an area of 1.2 acres; at Kamaole (Keawekapu), 6 beach lots involving an area of 5 acres.

On Kauai, at Hanapepe Business and Houselots in the town of Hanapepe—21 houselots and other parcels in the village proper.

On Hawaii, due to the severe destruction caused by the lava flows in Puna early this year, a subdivision of 102.90 acres at Kaniahiku, Puna, into 37 2- to 3-acre houselots have been made to serve those affected by the Puna eruption.

The Land Commissioner is enforcing the provision of law that persons who had purchased public lands during the past 20 years comply with the building requirements. Construction of homes and business buildings were the almost immediate result, giving impetus in building activity and in a measure helping the economic and employment conditions of the Territory, particularly in the outlying islands. Approximately 90 percent of these land owners have complied with the building requirements.

The Territory is negotiating a release by the Armed Services of a considerable area at Diamond Head, and also a portion of Sand Island. The release of these areas would benefit the Territory to a great extent.

Public Law 639, 83d Congress, authorizes the Commissioner of Public Lands of the Territory of Hawaii to sell public lands to certain lessees, permittees and others. Many lessees and permittees are preparing to take advantage of this law.

Many homestead roads on Oahu, Hawaii, Maui and Kauai have been constructed under Act 282, Session Laws of Hawaii 1953 at the cost of \$265,886, and under Act 230, Session Laws of Hawaii 1943, at the cost of \$7,000.

Survey Department

Following is a brief report of the activities of the Survey Department for the fiscal year July 1, 1954 to June 30, 1955:

For the Land Court, 18 original applications, comprising 60 lots with a total area of 52,935.732 acres, were checked on the ground and reported out during the year; 341 maps of subdivisions of registered

titles were examined and approved, comprising 5,590 lots with a total area of 107,049.688 acres; 18 title and boundary studies in land court cases were made and reports submitted to the attorney general, in 12 of which the public interests in territorial owned lands conflicted with those of other parties; 20 decrees were entered on applications concluded during the fiscal year; amendments to three cases before final adjudication were acted upon, mostly due to adjustments of easements and boundaries; five field checks were made for registration of accretion to existing land court properties, to determine the legal highwater mark; seven consolidations were filed to existing land court properties, comprising 41 lots with a total area of 138.691 acres.

Twenty file plans, comprising 1,340 lots with a total area of 418.859 acres, being subdivisions of private property filed for record in the bureau of conveyances, were subjected to check surveys and reports submitted to the registrar.

Six hundred and thirty descriptions of survey with individual sketch plans attached, have been prepared and furnished Federal territorial and county offices. They were the result of field surveys or of compilations from office records based on previous surveys and of which 22 were for land exchanges covering rights of way for Federal aid projects, county highways and other public purposes; 245 for homestead, beach-lot, house-lot and town-lot subdivisions; 4 for school lots; 4 for park sites; 24 for easement rights of way; 13 for forest reserves; 102 for road widenings; 39 for abandoned railroad and flume rights of way; 47 for farm lots; 4 for pasture lots; 12 for industrial lots; and 114 for miscellaneous governmental requirements.

Of new maps, 8 were registered and 10 plans and tracings were completed during the year. These latter include the many features of survey work undertaken by this department, such as Government subdivisions, fisheries and a triangulation system in Kaneohe, Kailua and Waimanalo.

Nine thousand seven hundred and seventy-nine prints have been furnished to the public and Government offices.

The expenditures of the survey department for the fiscal year included \$144,296.17.

PUBLIC SERVICE AND REGULATION

Secretary of Hawaii

During the fiscal year 1954-55 this office handled the special and general elections together with the work connected with the 28th Legislature.

During the legislative sessions, the staff recorded all laws and proceedings of the legislature; vetoes and enactment of bills by the Governor, and rendered assistance to the legislators when requested.

As a result of Act 61, Session Laws of Hawaii 1955, for the first time in the history of the Territory, Armed Forces personnel serving overseas, who are residents of the Territory, are permitted to vote by absentee ballot.

The secretary conducted several conferences with clerks of the counties. In these conferences, proposed amendments to the election laws to make them conform with the provisions of the Constitution of the State of Hawaii; amendments to the presently outmoded election laws; ways and means of combating election errors and spoiled ballots were discussed. An orientation program for all election officials and the voting public was initiated. The results were satisfactory.

The Voting Machine Board, comprised of the secretary as chairman ex-officio and the clerks of all counties ex-officio, met a number of times. Voting machines were placed in some precincts with more than 800 registered voters. Results were excellent—there were no spoiled ballots and the count was accurate. It is hoped that the Territory will be able to finance the purchase of sufficient voting machines to serve all qualified precincts in the not too distant future.

Session Laws of 1955 are now being printed and will be available to the governmental agencies shortly. Sufficient volumes will be available for sale to the general public.

The following data presents an interesting revelation on election trends and costs as compared with 1952:

Special Election, July 31, 1954, Election of Delegate to Congress

	1954	1952
Total votes registered for Territory of Hawaii.....	134, 667	-----
Total votes cast.....	66, 186	-----
Total cost to Territory of Hawaii.....	\$42, 786	-----

Primary Election, October 2, 1954

Total votes registered for Territory of Hawaii.....	149, 941	135, 696
Total votes cast.....	113, 726	100, 750
Total cost to Territory of Hawaii.....	(¹)	(¹)

General Election, November 2, 1954

Total votes registered for Territory of Hawaii.....	160, 865	148, 717
Total votes cast.....	142, 485	130, 345

¹ Total cost for Primary and General Elections to Territory of Hawaii: 1954, \$80,106.00; and 1952, \$75,481.00.

The Governor called the 27th Legislature into special session on April 20, 1954 to August 5, 1954, to consider measures that would be most effective in applying full weight and force toward the attain-

ment of statehood for Hawaii. The records of this office reveal the following:

Cost to the Territory for operation of House and Senate, excluding trip to Washington.....	\$30,392.50
Total bills and joint resolutions introduced.....	Bills: 11 JRs: 8
Total bills and joint resolutions enacted.....	Acts: 2 JRs: 1

For the regular session, February 16, 1955 to April 29, 1955, the records of this office reveal the following:

Total bills and joint resolutions introduced.....	Bills: 2223 JRs: 333
Total bills and joint resolutions enacted.....	Acts: 277 JRs: 57

For the past fiscal year, 735 petitions for change of name were processed, 735 decrees issued, and \$3,675 collected in fees.

The Division of Hawaii Birth Registration processed 833 applications, issued 827 certificates, 358 copies and 86 renewals, collecting a total of \$4,917 in fees.

Public Works

The Territorial Department of Public Works, including the Highway Department, awarded construction contracts approximating \$6,371,233.52 during the fiscal year.

This total was divided as follows: Highways, \$3,592,165.64; general public works, \$2,515,350.87; airports, \$263,717.01.

Highlight of the year was the legislature's enactment of measures to increase highway financing. The legislature voted an increase of 1 cent per gallon in the Territorial tax on liquid fuels. It also voted a \$50,000,000 gas tax bond issue which Congress is expected to approve early in 1956.

The increase in the fuel tax will become effective July 1, 1955. It will provide a 20 percent boost in highway financing, and permit the matching of an increase in our regular Federal-aid allocations. A new Federal law makes available to the Territory an additional \$700,000 per year in Federal-aid money, providing Hawaii can match this sum.

The bond issue is to provide a speeded-up program of highway construction. On Oahu the bonds will permit completion of the Nuanu Pali Highway, the Mauka Arterial and the Kalihi Valley route in 5 years instead of 15.

A court case involving rights-of-way is still holding up construction of a 1.79-mile stretch on the Nuanu Pali Road between Carter's Corner and County Club Road. The proposed new highway through this sector would wipe dangerous Morgan's Corner off the commuter's route. Litigation has delayed the start of construction since 1949.

The Mauka Arterial (Lunalilo Freeway) section between Keeau-moku and Alexander Streets was dedicated March 31, 1955.

Eventually the six-lane divided highway will stretch from King and Middle Streets to 21st Avenue in Kaimuki, a distance of about 7.5 miles. Part of the new highway will incorporate Lunalilo Street. The Board of Supervisors has voted to name the new crosstown commuter route Lunalilo Freeway, after King Lunalilo.

Other Oahu work included completion of a widening of Kalaniana'ole Highway between 21st Avenue and Wailupe Radio Station. The widening of this highway from the station on to Kirkwood Place was started during the year.

Following is a brief summary of the more important highway construction on the other major islands:

Hawaii.—Resurfacing and reconstruction of Kohala Mountain Road began under a \$254,330.50 contract financed in part by appropriations from both the 1953 and 1955 Legislatures and in part by regular Federal-aid and Territorial gas tax revenues. One link in the Hamakua Coast route was completed, and work on two others was still in progress as the fiscal year ended. These projects are being financed by emergency congressional and legislative appropriations voted following the 1946 tidal wave. The Huehue-Palani Junction section of the Hawaii Belt Road is under reconstruction under a \$786,950 contract.

Maui.—The 2-mile section between McGregor's Point and the tunnel approach on the Lahaina-Wailuku Road was completed during the year.

Kauai.—New projects added about 5.5 miles to Kauai's improved Federal-aid system. The 3.4-mile Kealia-Anahola section of the Belt Road was finished in July 1954. New Wilcox Road, from Lihue to Nawiliwili Harbor, was completed in April 1955.

Molokai.—Reconstruction of Farrington Avenue from Anahaki Street to Puupeeelua eliminated a stretch of old county road which was impassable in time of heavy rain. Improvement of two sections of Molokai Airport Road, totaling 2.47 miles, was underway as the fiscal year closed.

The volume of general public works activities reflected the Governor's speeded-up program of public works construction.

Biggest project underway was the University of Hawaii's new library building. At the fiscal year's end, this \$1,261,108 contract was 72 percent completed. Waimano Home's five new dormitories and new dining hall were 93 percent completed under a \$490,727 contract at the year's close.

There were several outstanding building projects in progress during the year on the other islands.

The Hilo Branch of the University of Hawaii was 93 percent completed on June 30, 1955. This \$329,800 project, providing the first units planned for the new campus, is expected to be finished in time for the start of classes in September.

New shop and service buildings for Hawaii Vocational School and a new Hawaii National Guard armory at Hilo are other major Big Island building jobs which were in progress during the fiscal year under supervision of the department's building division.

Maui's branch library building at Lahaina, under contract for \$75,104, was about one-third completed on June 30, 1955. Kapaa branch library on Kauai was completed December 1 at a contract cost of \$47,166.

The airport division spent considerable staff time in planning for the proposed \$4,500,000 Honolulu International Airport building. The project was set to go under construction in February 1955. However, military authorities asked for reconsideration of the site selected for the building. The airport division is now waiting for completion of a joint military-civilian master plan for the use of the Honolulu airport-Hickam area. This plan will be a determining factor in the final settlement of the site question.

The larger airport projects underway during fiscal year 1955 included the new small plane hangars at Honolulu International Airport and the construction of paved areas at the freight terminal of General Lyman airport on Hawaii.

Hawaii Aeronautics Commission

Honolulu International Airport handled 213,659 aircraft operations during the fiscal year, representing a decrease of 16.3 percent from the previous fiscal year. However, Honolulu International Airport maintains its fourth ranking position in the Nation's high density airports.

Although aircraft operations showed a decrease, overseas passenger traffic totalled 255,421—an increase of 24.1 percent, which is attributed to the continued popularity of air tourist service and to acceleration of the tourist promotional program conducted by the airlines, the travel industry and the Hawaii Visitors Bureau. According to the 1954 statistical report of the Hawaii Visitors Bureau, 76 percent of the mainland-United States visitors arrived by air.

For the territory-side airport system, inter-island passenger traffic rose to 587,016—a gain of 2.9 percent, resulting from increased travel to the neighboring islands by visitors.

In an effort to assist in relieving the critical unemployment situation in the Territory, the Hawaii Aeronautics Commission participated in the Governor's Emergency Work Program, expending \$36,174 from airport funds for services of 35 contract laborers, on projects at the various airports.

Transfer of ownership title of Kahului Airport, as authorized by Public Law 377, has not as yet been effected, with the result that the HAC is still unable to initiate vitally needed improvements to the airport. Meanwhile, the HAC continues to provide funds for the operation and maintenance of the interim control tower, at an annual cost of approximately \$41,452.

Airport improvement projects which were completed during the fiscal year include resurfacing of runway 8-26, and improvement of roadway and car parking facilities at the Hawaiian Airlines terminal area, Honolulu International Airport; improvement of the roadway to Lihue Airport terminal, and rehabilitation of Molokai Airport runway.

Projects now underway include the construction of small plane hangars of Honolulu International Airport and General Lyman Field.

Projects approved for the immediate future include the construction of a joint passenger-freight terminal at Molokai Airport, installation of a medium intensity runway lighting system for Kamuela Airport, terminal building alteration and roadway improvement at Hana Airport, runway rehabilitation for Lihue and Lanai airports, improvement and expansion of Lihue Airport terminal, runway lighting for Molokai Airport and General Lyman Field, construction of a new maintenance base yard building at Honolulu International Airport, and reconstruction of runway 3-21 at General Lyman Field.

Revenue from the $3\frac{1}{2}$ -cent per gallon tax on aviation fuel amounted to \$827,921—a decrease of 16.7 percent from the previous fiscal year.

Revenue from airport use fees and charges amounted to \$648,552. In addition, \$83,362 was received in Federal grants, and \$24 from other sources.

Operating expenditures totalled \$949,324, improvement and construction projects \$384,369, and bond redemption \$32,989.

Board of Harbor Commissioners

The earnings of the Board of Harbor Commissioners for the fiscal year ended June 30, 1955 were \$1,630,039 as compared with \$1,539,819 in the preceding year.

The new terminal at Pier 2 was completed March 30th of this year and was officially designated "Diamond Head Terminal" at a formal

opening ceremony May 22, 1955. This terminal with a quay-type apron having a berthing space in one straight line of 1,717 feet and a terminal building with a total freight storage area on a single floor of 353,700 square feet was constructed at a cost of \$5,420,000 including acquisition of land.

The following is a comparative tabulation of the inward and outward overseas vessels and cargo tonnages for the fiscal year ended June 30, 1955:

Overseas shipping

Port	Inward cargo tons		Outward cargo tons		Number of vessels	
	1954	1955	1954	1955	1954	1955
Honolulu.....	2, 529, 074	2, 557, 518	1, 021, 702	941, 569	1, 068	996
Hilo.....	278, 026	288, 596	428, 250	434, 296	205	206
Mahukona.....	17, 420	1, 958	57, 659	55, 082	-----	-----
Kahului.....	228, 398	181, 253	378, 842	426, 470	184	193
Port Allen.....	65, 503	76, 867	54, 528	62, 636	109	104
Nawiliwili.....	66, 088	71, 827	286, 986	303, 559	126	139
Totals.....	3, 184, 509	3, 178, 019	2, 227, 967	2, 223, 612	1, 692	1, 638

Passenger arrivals by surface transportation increased from 26,082 in 1954 to 26,353 in 1955.

Public Utilities Commission

A review of this Commission's activities for the fiscal year July 1, 1954 to June 30, 1955 is presented herein:

Dockets.—Twenty-two dockets were processed during the year, eight involving electric utilities; eight involving transportation; four involving telephone communications; and two involving gas utilities. Geographically, the distribution was: Oahu—13; Hawaii—6; Maui—2; and Lanai—1. Decisions and Orders were issued in 19 dockets; the remaining 3 were completed without the necessity of a Decision and Order. One order has been challenged and is now on the calendar of the Territorial Supreme Court, this being an order requiring The Hawaiian Electric Company, Limited to modify its method of depreciation.

Capital Financing.—An aggregate amount of \$1,605,000 in new capital was authorized, of which \$1,000,000 was in first mortgage bonds, and \$605,000 in common stock. Of the aggregate amount, \$1,500,000 was for electric utilities, and \$105,000 for air transportation. In addition, the Commission authorized \$750,000 in 4½ percent debentures for gas utilities and \$135,000 in long-term notes for transportation.

Electricity.—The expansion of electric utility on Oahu was realized with the addition of The Hawaiian Electric Company, Limited's new 40,000-kilowatt generator in a new plant along Honolulu's waterfront. This addition increased the total rated generating capacity on Oahu from 197,500 kilowatts to a new high of 237,000 kilowatts.

On the neighbor islands, Hilo Electric Light Company is now undergoing expansion which will add to the growth of electricity on Hawaii, while on the Island of Lanai, the Maui Electric Company has created a Lanai Division and has taken over the distribution of power on Lanai on a public utility basis thereby replacing Hawaiian Pineapple Company, Limited, as the seller of electricity on that Island.

Gas.—At the start of 1955 the Hilo Division of Honolulu Gas Company, Limited was authorized to reduce its rates in Hilo. This was possible through modernization of plant in service and increased efficiency by management. The result was an up-swing in the usage of gas in Hilo.

Telephone.—Extended Area Service took great strides with the elimination of tolls between many contiguous base rate areas on Oahu and Hawaii. As a result, Maui and Kauai can expect complete toll free automatic dial service within the next year or sooner. In all of the areas affected, the public has accepted these changes willingly and the result has been a general expectance of more toll free service which extended area service will provide in the future.

Transportation.—During the past fiscal year two transportation companies surrendered certificates of public convenience and necessity and went out of business due to lack of public patronage. However, with the increase of population and the addition of military personnel in the Kailua-Kaneohe area, two new common carriers were certificated to service this area. In Honolulu proper, mass transportation has been hampered by traffic congestion and the inflexibility of trolley-coach type of operations. As a result, the Commission and Honolulu Rapid Transit Company, Limited are working on plans to improve mass transportation in the city through the use of more flexible equipment.

Internal Administration.—The need for increased revenue to operate the Commission has been studied and submitted to the legislature for relief. As a result, the Public Utilities Fees were raised from $\frac{1}{10}$ of 1 percent to $\frac{1}{4}$ of 1 percent annually.

LABOR

Labor and Industrial Relations

For the past 2 years industrial relations in the Territory have been relatively stable. Work stoppages and number of employees involved in labor disputes were almost identical in 1954 and 1955 although the number of man-days idle in the year under review were greater. Of the 41,000 man-days lost due to labor disputes this year, approximately 86 percent were attributed to two strikes in the sugar industry, one of which began in the previous year.

Bureau of Employment Security.—Total employment in the Territory averaged 186,440, as compared with 185,740 in 1954, and reached the highest employment level in any postwar year. Annual wages paid to industrial workers during the calendar year 1954 totaled \$302,153,969 for a gain of \$662,500 over 1953 and the average weekly wage increased from \$57.85 to \$58.54.

Unemployment decreased this year by approximately 2 percent and unemployment insurance benefits paid to jobless persons were down 10 percent from \$3,615,832 in 1954 to \$3,255,514 in 1955.

Three major factors which stimulated this employment expansion and the resulting drop in unemployment were: (1) The Hawaii employment program sponsored by the territorial government; (2) increased Federal expenditures; and (3) an expanded and record-breaking tourist trade.

Bureau of Labor Law Enforcement.—Staff investigators inspected 1,797 business establishments employing a total of 37,241 employees. In the course of these inspections they found 534 violations. Of this number 42 were instances of failure to pay the statutory minimum rate, 101 were infractions of the overtime provision of the wage and hour law, three were failures to pay overtime as required under Act 96, 21 were failures to pay wages earned by employees, and one was an illegal deduction. As a result back wages totaling \$48,955.80 were found, of which \$32,423.41 were due 375 male employees and \$16,532.39 due 232 female employees. The remaining violations were nonmonetary in nature and consisted of noncompliance with the split shift and record-keeping requirements of the law.

Additionally, staff investigators reported 15 employers employing 25 minors in violation of the Child Labor Law, 20 suspected violations of the Workmen's Compensation Law, 30 of the Employment Security Law and 12 of the Fair Labor Standards Act, the Federal wage and hour law.

In the coming year, it is expected the division's enforcement responsibilities will be augmented by amendments made to the Hawaii wage and hour law by the 28th legislature. Act 15, which takes effect on July 1, 1955, increased the minimum wage in the city and county of Honolulu from 65 to 75 cents an hour and in the counties of Hawaii, Maui and Kauai from 55 to 65 cents an hour. It also increased from \$300 to \$350 the guaranteed monthly compensation which, if paid, exempts an individual from the provisions of the law. It is estimated that 15,000 to 16,000 employees will benefit directly from these changes.

Bureau of Workmen's Compensation.—The structure of the workmen's compensation law in Hawaii was improved notably by the last legislature, which increased maximum benefits to injured workers or their dependents in case of accidental death, reduced the waiting period in temporary total disability cases from 5 to 2 days, and provided free choice of doctors to the injured employee.

Total accident cases closed during the year numbered 21,644, representing a direct cost to employers and insurance companies of \$2,059,919 plus an indirect expense of an estimated 6 million dollars.

With the additional personnel authorized by the 1955 legislature, the bureau intends to accelerate its accident prevention program and provide greater service to both employer and worker in compensation cases.

Bureau of Research and Statistics.—Consumer items purchased by moderate income families increased slightly over 1 percent during the past year which is a good indication that prices have leveled off to some extent. However, in March of 1955 the index reached 143.6, the highest peak since its inception in 1943. Retail food prices were primarily responsible for the rise at that time as the index for this group reached 156.3, another all-time high for Honolulu.

Apprenticeship Division.—Registered apprentices in the Territory declined slightly due to a reduced level of employment in the building and construction industry and an increase in the number of graduates this year. All apprentices indentured to military programs graduated and the resumption of training in this area is anticipated when workload and budget conditions are favorable.

PERSONNEL AGENCIES

Civil Service Commission

During the first half of the past year, appreciable progress had been made towards laying the ground work for desirable changes in the classification plan which has been in existence for nearly 14 years.

In order that the changes desired could be realized, a report containing recommended legislation on classification and compensation was submitted to the Governor of Hawaii. Legislation was recommended following a careful analysis of our laws and our classification and compensation plans.

Some of the major changes contained in the new Civil Service and Classification Law, Act 274, S. L. H. 1955, are:

(a) The primary function of the Civil Service Commission would be its concern with matters of a quasi-judicial, quasi-legislative, or policy making nature while the staff would be concerned with the administrative and technical aspects of operation;

(b) The concept of classification as being distinct and apart from pay was enhanced by providing for each under separate chapters of the Revised Laws of Hawaii;

(c) The "freeze" or denial of recognition imposed on the reallocation upwards of positions for which the increase in duties and responsibilities took place prior to June 30, 1951 was removed;

(d) Services to be furnished by the Territory to the three Neighbor Island counties to maintain uniformity in classification and compensation;

(e) The number of salary ranges in the compensation schedule was expanded from 16 salary ranges to 31 salary ranges but without increasing the minimum rate for the lowest pay range or the maximum rate for the highest pay range;

(f) Classes of positions would be reassigned to appropriate pay ranges based on internal relationships;

(g) The recognition of hazardous working conditions through a pay differential;

(h) Longevity pay increases for employees at maximum pay rates; and

(i) Annual wage surveys would be conducted.

To increase its value as a tool of management, the system of evaluating employee services was revised. A simplified form to evaluate the services rendered by employees was adopted after it met the approval of nearly all departments. Optional in use with each department was a section for a written description of the employee's potential for growth and his supervisory or administrative ability.

A summary of some of the personnel transactions is as follows:

(a) 1,106 new hires; (b) 917 separations; (c) 344 employees granted leaves without pay; (d) 257 employees returned from leaves without pay; (e) 392 employees were promoted; and (f) 210 employees transferred to other positions within the service.

In the area of classification, 291 positions were given initial allocations; 202 positions were reallocated upwards; 38 positions were reallocated downwards; 38 positions were found to be properly allocated; and 825 positions were reassigned to other classes.

Public response to our examination program increased greatly. A total of 11,234 candidates participated in the 316 examinations which were given.

Employees' Retirement System

As of June 30, 1955, there were 18,708 active and inactive members of the Employees' Retirement System of the Territory of Hawaii.

There were 1,257 beneficiaries on our retirement payrolls as of June 30, 1955, and the total amount paid beneficiaries during the period was as follows:

Classification	Number	Annual pensions and retirement allowances
Veterans, Hawaii National Guard.....	4	\$2,307.27
Retired teachers (old pension system).....	4	2,400.00
Pensions, Acts 261/1925 and 31/1927.....	4	2,940.00
Pensions, Acts 267/1927 to 247/1947.....	23	12,335.00
Service retirement.....	984	886,019.49
Ordinary disability retirement.....	155	119,819.70
Accidental disability.....	64	101,230.38
Accidental death pensions.....	19	18,732.14
Total.....	1,257	\$1,145,783.98

As of June 30, 1945, the membership of the system totaled 12,662 and investments amounted to \$21,337,874.96, as compared to 18,708 members and total investments amounting to \$86,071,945.59 as of June 30, 1955.



